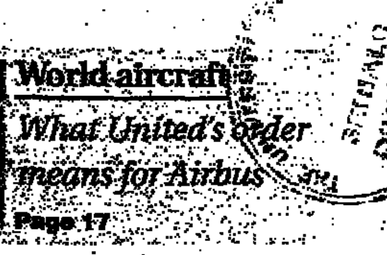
France
How the government was caught napping
Page 15



World aircraft
What United's order means for Airbus
Page 17

Saudi Arabia's NCB
Why bank secrecy has become a millstone
Page 4

Tomorrow's Weekend FT
The Church of England's unpleasant encounter with mammon

NEWSPAPER OF THE YEAR

FINANCIAL TIMES

Friday July 10 1992 — EUROPE'S BUSINESS NEWSPAPER — D8523A

Clinton chooses Gore to be running mate

Governor Bill Clinton of Arkansas, presumptive Democratic presidential candidate, named Senator Albert Gore from Tennessee to be his running mate. "We have the best plan, and now we have the best ticket," he said. Page 16; Profile, Page 5

Sales boost for Renault and Audi: French state-owned carmaker Renault sold 767,000 cars in the first six months of 1992, its best first-half performance since 1980. Audi, part of the Volkswagen group, reported a drop of 13 per cent in pre-tax profits to DM315m ($210m) in spite of a sharp rise in sales. Page 17

Grundig, Germany's leading home electronics group, lost DM19m ($12.5m) in the year to March, because of weak consumer demand. Page 17

Georgian minister kidnapped: Supporters of deposed Georgian president Zviad Gamsakhurdia are believed to have kidnapped deputy prime minister Alexander Kavsadze after blowing up his car while he was visiting the west of the republic.

Maastricht hitch: Senior UK ministers may delay until early 1993 government efforts to ratify the Maastricht treaty because of opposition within the governing Conservative party to the accord. Page 8

Injury forces Daley Thompson to quit:

Britain's former Olympic decathlon champion Daley Thompson, 33, announced his retirement from international athletics after suffering injury (left) at London's Crystal Palace while trying to qualify for this year's Games which start in Barcelona this month.

EC toxic waste ruling: European Community states may not refuse entry to hazardous waste, the European Court of Justice decided in a landmark ruling, but they may block general waste imports sent by their partners for dumping or recycling. Page 3

De Klerk plea shunned: African National Congress leader Nelson Mandela rejected President F. W. de Klerk's call for a resumption of constitutional negotiations and said a campaign of mass action against the government would go ahead. Page 4

HK's 'shining example': Hong Kong's transition to Chinese sovereignty in 1997 would be a "shining example" of partnership between peoples and nations, Chris Patten said on being sworn in as the colony's last governor. Page 16; Patten turns on the charm, Page 4

Australia's unemployment rate rose to 11.1 per cent in June, the highest recorded by the government statistics bureau, forcing a quick policy shift by the government. Page 4

Tunis coup suspects on trial: Nearly 300 Moslem fundamentalists went on trial in Tunis accused of planning a coup d'etat and trying to assassinate the Tunisian president.

Virgin's Sunday victory: Virgin France has won a round in its battle to liberalise France's Sunday trading laws by gaining permission to open its store in Paris on Sundays for a year's test. Page 3

The shape of things to come

GEC
AT THE CROSSROADS

GEC has rarely faced a set of challenges as great as it faces now. If it cannot overcome these, it could become a shadow of the mighty industrial combine it was designed to be. And its success or failure will not just affect the welfare of its employees and shareholders. For GEC mirrors many of the strengths and weaknesses in British society. Its performance has always been public property because it is a reflection of public policy. Page 11

Action on software planned: The UK Business Software Association, which represents leading computer software companies, plans to move against financial services companies in London which have copied software without authorisation. Page 9

Adamson killing verdict: A Kenyan nomad was cleared in Nairobi's High Cort of killing British conservationist George Adamson because of insufficient evidence. Adamson and two servants were shot in the Kora game reserve in July 1989.

■ STOCK MARKET INDICES

FT-SE 100:	2,497.9	(+25.3)
Yield	4.86	
FT-SE Eurotrack 100	1,128.17	(+6.64)
FT-A All-Share	1,198.25	(+0.7%)
Nikkei	16,848.66	(+35.39)
New York: lunchtime		
Dow Jones Ind Ave	3,366.15	(+41.87)
S&P Composite	414.63	(+4.35)

■ US LUNCHTIME RATES

Federal Funds:	3½%
3-mo Treas Bills: Yld	3.28%
Long Bond	104 11/32
Yield	7.616%

■ LONDON MONEY

3-mo interbank	10 1/16%	(10%)
Liffe long gilt future:	Sep 98 15/32	(Sep 99 3/32)

■ NORTH SEA OIL (Argus)

Brent 15-day (Aug)	$19.875	(19.975)

■ Gold

New York Comex (July)	$349.7	(348.4)
London	$347.65	(347.7)

■ STERLING

New York lunchtime:		
$	1.8965	
London:		
$	1.8965	(1.9195)
DM	2.88	(2.8725)
FFr	9.715	(9.67)
SFr	2.605	(2.585)
Y	238.25	(239.5)
£ Index	92.6	(92.8)

■ DOLLAR

New York lunchtime:		
DM	1.517	
FFr	5.1155	
SFr	1.3705	
Y	125.6	
London:		
DM	1.519	(1.496)
FFr	5.1225	(5.0375)
SFr	1.374	(1.347)
Y	125.55	(124.8)
$ Index	60.7	(60.4)

Tokyo close Y 124.57

Austria	Sch30	Hungary	Ft162	Malta	Lm0.50	S.Arabia	SR9.00
Bahrain	Din1.000	Iceland	IKr180	Morocco	MDh11	Singapore	S$4.10
Belgium	BFr60	India	Rs20	Neth	Fl 3.50	Spain	Pta200
Cyprus	C£1.00	Indonesia	Rp3800	Nigeria	Naira20	Sweden	SKr14
Czech	Kcs35	Israel	Shk5.50	Norway	NKr15.00	Switz	SFr3.00
Denmark	DKr14	Italy	L2500	Oman	OR1.20	Thailand	Bht50
Egypt	E£4.00	Jordan	JD1.20	Pakistan	Rs35	Tunisia	Din1.000
Finland	FM10	Korea	Won 2500	Philippines	Peo45	Turkey	L6000
France	FFr8.50	Kuwait	Fils.500	Poland	Zl 18,000	UAE	Dh9.00
Germany	DM3.30	Lebanon	US$1.25	Portugal	Es190		
Greece	Dr250	Lux	LFr60	Qatar	QR10.00		

US warships due in Adriatic as France sends more troops to Bosnia

Western navies move to tighten Serbian sanctions

By Robert Mauthner and Judy Dempsey in Helsinki

THE Western European Union defence organisation is today expected to agree to send naval units to patrol the Adriatic in a move to tighten sanctions against Serbia after its failure to stop the war in Bosnia-Hercegovina.

In separate moves, the US despatched a cruiser and an amphibious landing ship to the area, and France decided to send more troops and helicopters to Bosnia in support of United Nations relief operations.

US defence officials said the ships from the Sixth Fleet were last night scheduled to enter the Adriatic, where seven US warships were briefly stationed last week. Their presence will emphasise Washington's determination to support humanitarian relief operations in Bosnia, they said.

The moves come amid warnings by UN officials in Sarajevo, the besieged Bosnian capital, that continued fighting is endangering the international airlift of supplies to the city. Swedish truck drivers hired by the UN refugee relief agency are refusing to transport aid because of sniper fire.

Page 2
■ Sarajevo airlift flying on a wing and a prayer
■ Bosnian president urges US to send troops to border

Officials of the nine-member WEU attending a summit in Helsinki of the 51-nation Conference on Security and Co-operation in Europe insisted that its action – to be agreed by foreign ministers in the margin of the CSCE meeting – was not a precursor to full-scale military intervention in Bosnia.

Mr Vincenzo Scotti, the Italian president of the WEU council, said that the ministers would also discuss ways of protecting the humanitarian airlift to Sarajevo.

It was not immediately known how many ships were being sent to the area, but Mr John Major, UK prime minister, announced earlier in the week that Britain would be sending a destroyer, HMS Nottingham, "to help enforce sanctions."

In a speech at the Helsinki summit, President George Bush strongly supported action to ensure that UN sanctions were respected and that relief supplies got through to Sarajevo "no matter what it takes".

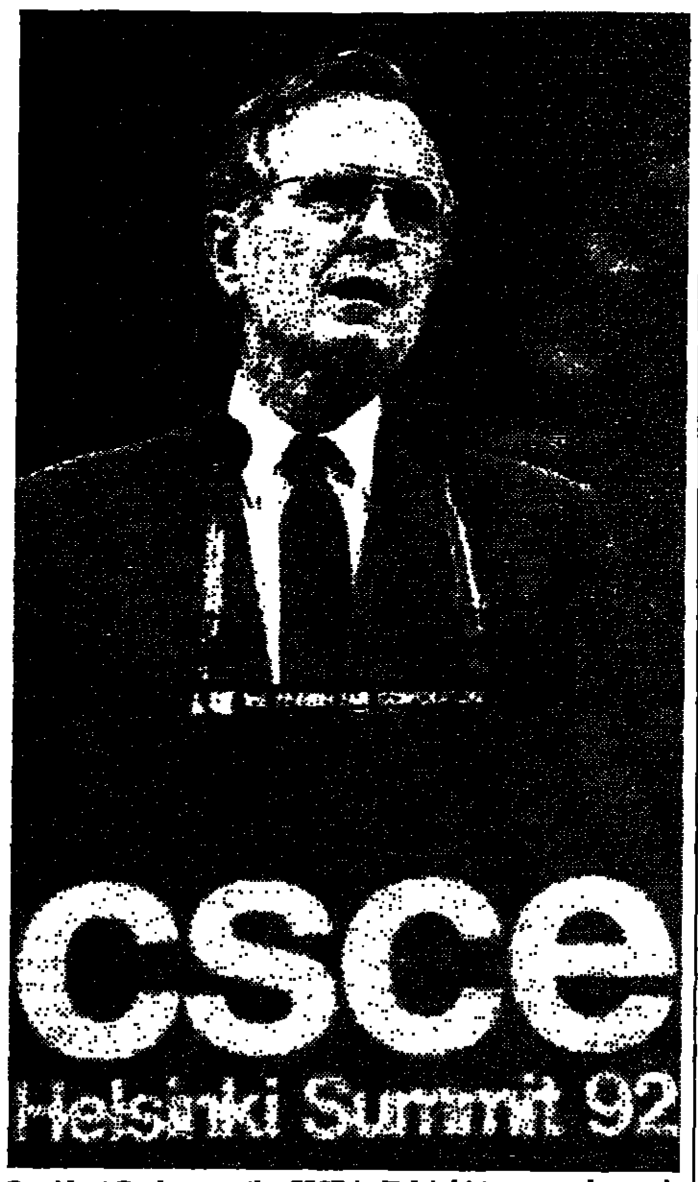
But at a meeting yesterday morning with Mr Alija Izetbegovic, the Bosnian president, Mr Bush significantly made no specific commitment either to supplying weapons to Bosnia's defence forces or to interven militarily in the crisis.

US officials have made it plain over the last few days that, while Washington would contemplate sending military aircraft to ensure the safety of the UN humanitarian airlift and overland convoys if necessary, the US ruled out the despatch of ground forces to Bosnia. The UK has adopted a similar position on sending troops.

In France, Mr Jean Musitelli, the presidential spokesman, said his country's move had been closely co-ordinated with Mr Boutros Boutros Ghali, the UN secretary-general, who had asked France to contribute 700 troops to the UN contingents replacing the Canadian battalion in Bosnia.

The Bosnian president, meanwhile, has appealed to all 51

Continued on Page 16



President Bush urges the CSCE in Helsinki to ensure humanitarian aid gets through to the civilians of war-torn Bosnia

Saudi bank ordered to shut down New York branch

By Alan Friedman in New York

FEDERAL banking authorities have accused the National Commercial Bank of Saudi Arabia of violating "significant provisions" of US banking laws.

The bank, which is Saudi Arabia's biggest and counts among its customers members of the ruling family, has been ordered to liquidate its New York branch within 30 days.

The shutdown order comes two months after NCB closed its London branch "in an effort to rationalise operations and cut costs" after consultations with the Bank of England. The Bank of England has declined to comment on the circumstances of the London closure.

The Office of the Comptroller of the Currency (OCC), the federal bank regulatory agency, said it acted in conjunction with the Federal Reserve Board, which has filed charges against Sheikh Khalid bin Mahfouz, who resigned earlier this week as NCB's chief operating officer.

Sheikh Khalid was last week indicted in New York on charges of having schemed to defraud investors and depositors in the Bank of Credit and Commerce International (BCCI) of more than $300m.

In Jeddah, the NCB said it was "greatly surprised" by the Fed and OCC actions and denied "in the strongest terms all charges as being devoid of any substance". NCB claimed "the curious timing of the announcements clearly indicates they were the result of political pressure" following last week's indictments in New York.

A federal judge in New York yesterday ordered the US assets of Sheikh Khalid to be frozen after it was disclosed that the Federal Reserve had levied a $170m fine against the Saudi banker and a $6m fine against Mr Haroon Kahlon, an associate also indicted last week.

In its enforcement order, the Fed alleged that Sheikh Khalid, with the assistance of Mr Kahlon and through the facilities of NCB, violated US law by acquiring control of 28.7 per cent of the shares of the parent company of First

Continued on Page 16
Secretive bank, Page 4

Brazil sets out accord on $44bn debt

By Stephen Fidler in London and Christina Lamb in Sao Paulo

THE BRAZILIAN government and its commercial bank creditors yesterday reached an outline agreement aimed at easing the burden of servicing more than $44bn of its foreign debt.

Leading bankers said they hoped to put together a detailed accord with the government by August, allowing for its approval that month by the Brazilian senate. The deal could be closed, after approval from all bank creditors, by the year-end.

The Brazilian economy minister, Mr Marcilio Marques Moreira, said the agreement was a "watershed, closing a long chapter overshadowed by foreign debt problems and opening a new chapter full of opportunities. This is the new Brazil, reinserting itself into the international community in a dynamic competitive and sovereign way".

There remain doubts, however, about whether the agreement will see fruition. These have been substantially heightened by the corruption crisis surrounding President Fernando Collor. This has called into question whether he will remain in office and, if he does, whether he will have any effective power.

Some bankers argue that the Brazilian accord may be the first deal signed under the Brady debt initiative to fail.

The accord would allow banks to exchange their loans for one of five varieties of concessional bonds, or to make new loans equivalent to 18.18 per cent of their current exposure. The concessional bonds are each designed to yield an equal sacrifice to banks equivalent to about 35 per cent write-down in the face value of the debt. Some concessional bonds are backed by guarantees of principal or interest.

The accord also calls for Brazil to increase its interest payments on existing debt from the present 30 per cent to 50 per cent of contracted payments, once Senate approval has been obtained. It also addressed past arrears of interest and allowed debt-for-equity concessions.

The news of the accord was broken in Brazil through a handwritten note from President Collor to his spokesman. In the letter, Mr Collor described the accord as "a good solution after a year of negotiation and one which does not compromise our capacity to pay principal".

Mr Collor claimed: "No other country got the advantages that we have achieved either in terms of the percentage of reduction, the multiplicity of options or in the modality of guarantees." The Brazilian stock market reacted cautiously with the Sao Paulo index rising only 1.1 per cent.

Mr Collor was due to address the nation last night to explain the accord which comes as welcome news amid a bleak economic and political situation.

Doubts remain, Page 5

Decline in German trade surplus hits recovery hopes

By Christopher Parkes in Bonn

LINGERING hopes of a summer start to international economic recovery received a setback yesterday when Germany recorded a surprise fall in its trade surplus for May.

Imports and exports both dropped sharply, indicating continuing weak demand from abroad and stagnation at home. Instead of the widely-forecast rise in the surplus to about DM3.5bn ($2.3bn), the federal statistics office yesterday reported a drop to just DM1.1bn, compared with April's DM2.3bn surplus.

Imports fell from DM58bn to DM51bn and exports dived from DM60.4bn to DM52.2bn. The current account deficit widened to DM4.2bn from DM1.9bn.

The disappointing results were compounded by inflation figures, stuck firmly above 4 per cent; a standstill in already depressed manufacturing orders and falling capital investment – suggesting that the expected emergence from the doldrums must now wait until after the summer lull.

Even then, German hopes are pinned mostly on rising domestic demand after the end of a 7.5 per cent income tax surcharge on June 30.

Hopes abroad for a cut in German interest rates have also been put on hold and replaced by speculation over the chances of further tightening of monetary policy at the Bundesbank's next council meeting next Thursday. The bank yesterday described a newspaper report that it was considering a renewed squeeze as "speculation".

Economists, however, say the time is ripe for the central bank to send a further signal on its determination to maintain monetary discipline. While an interest rates rise is widely ruled out,

Currencies........Page 44
World stocks........ Back Page, Second Section

other measures to control fast-growing money supply are not.

One possibility being aired increasingly is a rise in banks' minimum reserve requirements to try to stop them lending so readily. The M3 broad measure of money supply is now growing at an annualised rate of 9 per cent compared with the 5.5 per cent upper limit of the bank's target range.

Inflation, the other key factor governing interest rate policy, is also still above the bank's medium-term target of 2.5 per cent. A month-on-month increase of 0.2 per cent in May, confirmed yesterday, left the annual rate at 4.3 per cent.

The HWWA economics institute in Hamburg pointed out that the rate was still high mainly because of the effects of this year's wage round. The price of repairs and other services – sectors in which pay is the main cost factor – are still rising at 5 per cent a year.

According to the June economic survey from the BDI, the federation of German industries, next January's increase in value added tax from 14 per cent to 15 per cent "will provide another inflationary surge so that there is no prospect yet of lower inflation as soon as next year".

The federation also warned of the dangers facing the government's economic policymakers from the need to finance recovery in the east.

● Deutsche Bundespost, the German post office, said yesterday in planned to shed 34,000 jobs by the end of the decade.

Automatic sorting machines and other logistical improvements will mean the loss of 20,000 places in the letters service and 3,000 in parcels. A further 10,500 jobs will go in administration.

Promising no forced redundancies among the service's 385,000 employees, Mr Klaus Zumwinkel, Bundespost chairman, said natural wastage, early retirement and other "social" measures would be enough to do the job.

CONTENTS

World Bank to make its first Russian loan

By Stephen Fidler

THE World Bank is to make its first loan to Russia, just three months after the country was admitted as a member. The bank is preparing around $1.7bn of loans to support the Russian balance of payments, the first of which – a $600m loan to finance critical imports – could be approved early next month.

Officials familiar with recent talks between the Russian government and the bank said the $600m loan, to finance the import of priority goods such as health supplies and spare parts, should be presented to the World Bank board in early August before the start of its summer recess. They said the loan, to be disbursed over a six-month period, would not be heavily conditional on economic reform.

The bank is also working on loans of around $500m each to support the Russian agricultural sector and the petroleum industry. These may be approved as early as October.

Work is also going ahead on smaller loans to encourage the Russian privatisation programme and to help exports, officials said.

The World Bank, which is playing a subsidiary role to the International Monetary Fund in providing financial support for Russia, has also agreed with the government the basis for their future co-operation.

A memorandum from the Russian government to the bank suggests five priority areas for structural change:

- Reform of enterprises, including privatisation and improving their management.
- Competition and anti-monopoly policy.
- Improving the environment for foreign direct investment, which relates to issues such as the exit and entry of profits – the government favours discriminatory treatment in favour of foreign investors.
- Financial sector reform, including modernisation of the banking system.
- Social protection and the social safety net, including reform of the pensions system, unemployment compensation and the social safety net.

A parallel memorandum to the IMF, focusing on economic stabilisation, is also likely to be sent to the fund's board next month.

Officials said yesterday that the proposal by President Boris Yeltsin to swap Russian assets and goods in exchange for cancellation of Russia's foreign debt had not been aired with officials from the two institutions. They said that while such swaps might play a useful role in the privatisation of enterprises – as they have widely done in Latin America – it would make little sense to use exports to cancel debt when they could otherwise be sold for cash.

Furthermore, the idea that assets in the former Soviet Union are owned by the people raises the question of who owns the assets to be swapped: the federal government, provincial or municipal governments or workers in the enterprises?

New curbs on foreigners

By Leyla Boulton in Moscow

THE Russian government was yesterday reported to have adopted new restrictions on the movement of foreigners at a time when the country is trying to attract foreign investment and open up to the west.

Itar-Tass news agency said in an unsourced report that foreigners would have to apply for Security Ministry (ex-KGB) permission to visit "several areas" in the Moscow, Leningrad (now St Petersburg), Nizhny Novgorod, Sverdlovsk (now Ekaterinburg), Chelyabinsk, Kaliningrad, Astrakhan and Krasnoyarsk regions.

Many of these areas used to be sealed off but have been opened up in recent times. They include large military plants, defence installations, and environmental disaster areas.

Officials at the ministries for foreign affairs and security could not confirm the report last night.

But if it is true, the move would indicate a sinister step back to the old days of Soviet dictatorship, playing into the hands of conservatives and giving an opposite message to that of partnership with the west proclaimed by President Boris Yeltsin.

- Supporters of ousted Georgian President Zviad Gamsakhurdia kidnapped the deputy prime minister, Mr Alexander Kavsadze, yesterday in a new show of resistance to the country's leadership, according to Interfax news agency, Reuter reports from Moscow.

A spokesman for the ruling state council told local journalists that Mr Kavsadze's car had been blown up in the west of the republic. His driver had been killed.

Western Georgia is the main stronghold of Mr Gamsakhurdia, overthrown in January after a two-week battle in which hundreds died.

Ex-PM of Bulgaria arrested

MR Andrei Lukanov (pictured left in glasses), Bulgaria's former communist prime minister, was arrested yesterday on charges of misappropriating state funds and mismanaging the economy, Reuter reports from Sofia.

Mr Lukanov, 54, is alleged to have diverted up to $500m of state funds for aid and credits to left-wing Third World states between 1986 and 1989. "Lukanov was arrested and charged with taking illegal decisions which contributed to the country's economic crisis," said Mr Mihail Doychev of the prosecutor's office.

Mr Lukanov is one of 60 senior communist officials from the ousted government of hardline leader Todor Zhivkov, who will face charges.

Azeris accused of Karabakh shelling

FIGHTING has flared again in the disputed enclave of Nagorno-Karabakh, despite a ceasefire pledge by Azerbaijan, Armenia's ambassador to Russia said yesterday, Reuter reports from Moscow.

Mr Felix Mamikonyan told a news conference that despite a ceasefire that was due to begin at midnight, Azeri troops had bombarded villages in north and east Karabakh. "Azerbaijan and Armenia agreed to suspend their armed activities but the Azeri side has already broken its obligations with a series of attacks," he said.

There was no immediate comment from the Azeri side.

Itar-Tass news agency later reported that Karabakh Armenians had repelled an Azeri attack on villages in Mardakert district in the north of the enclave, scene of heavy fighting between the majority Armenian population and Azerbaijan.

About 2,000 people have been killed in four years of fighting in Nagorno-Karabakh, which was administered by Azerbaijan throughout the Soviet period. Karabakh Armenian authorities now say the enclave is an independent republic.

The latest round of bloodshed began in May when Karabakh Armenians drove out their ancient foes and punched a land corridor through Azeri territory to Armenia. Azeri forces launched a counter-attack in June.

Exploratory talks in Rome on a peace conference on Nagorno-Karabakh, to be held in the Belarussian capital Minsk under the auspices of the Conference on Security and Co-operation in Europe (CSCE), were suspended on Tuesday.

Yeltsin pull-out promise seen as step forward

Estonia hails troops pledge

ESTONIA has cautiously welcomed President Boris Yeltsin's promise to pull all ex-Soviet troops from the Baltics but criticised the Helsinki meeting of the Conference on Security and Co-operation in Europe for failing to force the pace of the withdrawal, Reuter reports.

President Arnold Ruutel said yesterday he was satisfied that Mr Yeltsin, who made his public pledge in Munich before flying to Helsinki, had not named a fixed date far in the future.

"The real dates will be worked out in bilateral talks. But for the Baltic states it's an important step forward that Russia has made the real political decision to pull out all troops," he said.

Earlier, Mr Ruutel told the CSCE that Estonia had been disappointed in the conference's failure to phase out what he called a holdover from the Cold war.

"Ever since Estonia became a member of the CSCE in September of last year, we have hoped and believed in its ability to help resolve one of the most important problems facing our nation - the need for complete withdrawal of all ex-Soviet troops. Unfortunately, our expectations have yet to be fulfilled," he said.

The CSCE called for talks and an early withdrawal, but refused to back demands by the three Baltic states (Estonia, Latvia and Lithuania) that the presence of some 130,000 ex-Soviet troops be declared a violation of international law.

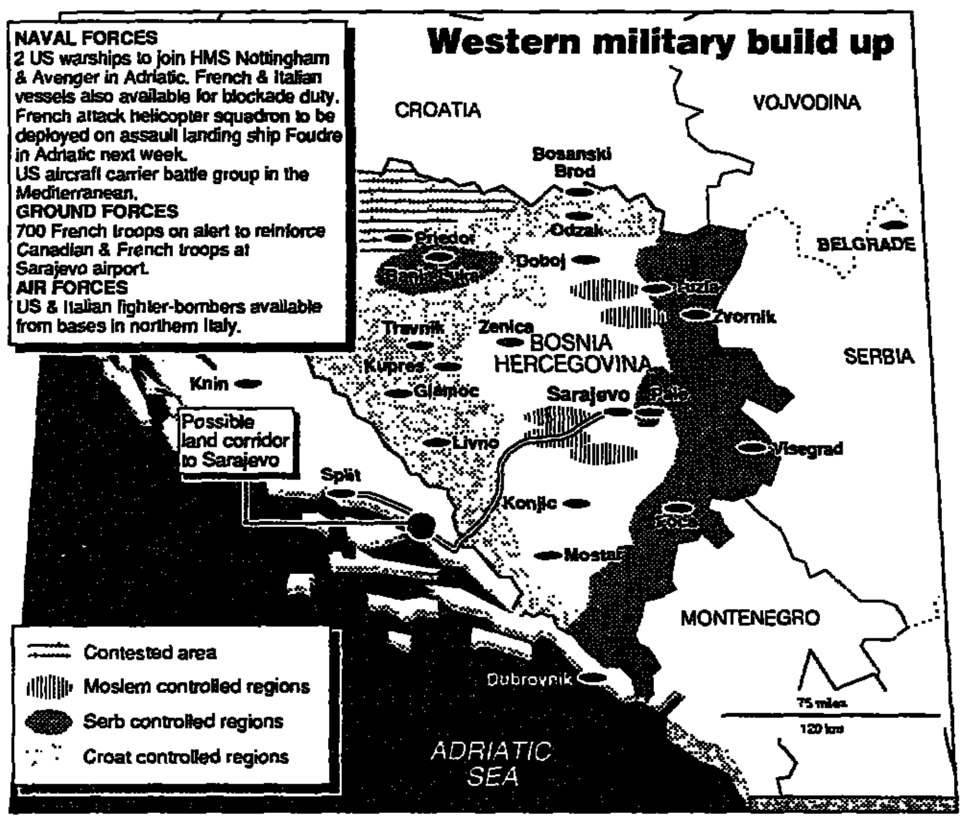
Speaking to local journalists afterwards, Mr Ruutel softened his tone. "Maybe it could have be stronger," he said of the CSCE position. But he said he understood the principles of the Helsinki summit required dialogue. "No one tells anyone what to do."

Mr Yeltsin issued his promise after talks with Group of Seven leaders, and said Russia had already stopped sending new conscripts to the region.

"Since our period of service is two years, in practical terms after two years there will be no more rank-and-file soldiers left there," he said.

However, he added that Moscow could not yet give a deadline for completing the withdrawal because of the enormous problem of housing troops repatriated from Germany and the Baltics.

On Wednesday the CIS naval commander-in-chief, Admiral Vladimir Chernavin, said that more than half the potential conscripts to the Commonwealth armed forces managed to dodge their military service.



Sarajevo airlift is flying on a wing and a prayer

By a special correspondent in Belgrade

THE international airlift of supplies to besieged Sarajevo is "working by a hope and a prayer", according to a United Nations official in the besieged Bosnian capital.

"The situation in Sarajevo is extremely fragile," the UN official said. "We don't have a ceasefire yet. We don't have a concentration of heavy weaponry controlled by the United Nations. And we don't have the ground security corridor within Sarajevo."

Eleven of a planned 16 planeloads of aid were delivered by yesterday afternoon. But Swedish truck drivers hired by the United Nations refugee-relief agency are refusing to transport the aid pallets because of the danger of snipers.

"The Swedish truck drivers want to go home," the United Nations official said. "It is too dangerous."

Mr Fred Eckhard, a UN spokesman, said aid trucks are coming under sniper fire every day. Yesterday a Canadian soldier was seriously wounded when he stepped on a mine.

"The military situation is precarious," he said. An attack by Bosnian forces or a "third party" on Serbian positions sparked a heavy retaliatory artillery attack on Sarajevo's centre overnight on Thursday. The "third party" was a reference to Croatian forces that may or may not be loyal to the Bosnian government.

UN troops came under fire in their Sarajevo headquarters last night as artillery fire, mortar blasts and machinegun fire resumed.

Witnesses said some of the 1,100 UN troops in the city briefly fired back with small arms from their base in the south-west of the city.

The exact troop strength of the Serbian army around Sarajevo is unknown, but western analysts estimate that they number some 20,000.

They are armed with mortars, tanks, armoured troop carriers, anti-aircraft guns and multiple rocket launchers.

In Belgrade Serbia's parliament yesterday passed an emergency economic programme that gives the government almost complete control over the economy.

The law, aimed at countering the effects of UN sanctions, gives the government sweeping powers to control the sales of goods and services. Opposition MPs attacked the law.

Bosnian president urges US to send troops to border

By Judy Dempsey in Helsinki

BOSNIAN president Alija Izetbegovic yesterday asked the US and other countries to send troops to the borders with neighbouring Serbia to stop the flow of arms into the war-torn republic.

"Aid will not stop the killing, the deportations and the ethnic cleansing," said Mr Izetbegovic, who reached Helsinki by getting a lift on a relief flight from the besieged capital of Sarajevo on Wednesday.

Mr Izetbegovic told the summit meeting of the Conference on Security and Cooperation in Europe (CSCE) that Bosnia needed "arms to defend ourselves against the Serb aggressors".

"It is a fraud that the Yugoslav army has withdrawn from Bosnia. It is here in another name. There are 80,000 Serbian-backed Yugoslav troops, 500 tanks, and 55 planes still in our republic. It is one of the best equipped armies in Europe."

US President George Bush and secretary of state James Baker yesterday made no explicit commitment to provide military aid to Bosnia.

"Our policy is that we do not believe that large infusions of arms into the crisis in what was Yugoslavia is going to solve the problem," a US spokesman said.

The US would continue to work with its European allies, and "we will have to consider what our future steps will be." A US diplomat suggested that efforts would be made to tighten the UN sanctions against Serbia and Montenegro.

Although several other CSCE countries repeated the US view, other countries, notably Canada and Czechoslovakia said the international response to the war in Bosnia-Hercegovina, as well as ethnic disputes in other former communist countries, was dangerous and shameful.

"Hesitation, or a wait-and-see policy [towards resolving ethnic disputes], would be suicidal," said Czechoslovak President Vaclav Havel.

Ms Barbara McDougall, Canada's secretary of state for external affairs, sharply criticised the CSCE final document for failing to refer to the war in Bosnia-Hercegovina. "The Helsinki document weighs about half a kilo but does not even mention the torment in Bosnia-Hercegovina. During the weeks that our officials negotiated and bickered... thousands were killed," she said.

Few delegates believe the CSCE's new mechanisms for peace-keeping or crisis management will have enough clout to stop the killing.

CSCE challenged by outburst of national freedom

By Robert Mauthner in Helsinki

THE very name Conference on Security and Co-operation in Europe is calculated to dampen public interest in an organisation which, though now 17 years old, has seldom caught the public imagination. This week, however, leaders of as many as 52 nations are meeting to discuss adapting a forum created to provide a framework for relations between the communist and western halves of Europe and to set standards on human rights, to the post-Cold war world.

Human rights and democratic government are still at the centre of the new Helsinki document due to be adopted today. But the focus has again switched to security problems. As President Vaclav Havel of Czechoslovakia so eloquently told the conference yesterday:

"The sudden outburst of freedom has not only untied the straitjacket made by Communism, it has also unveiled the centuries-old, often thorny history of nations. Peoples are now remembering their past kings and emperors, the states they had formed far back in their past and the borders of those states....It is entirely understandable that such a situation becomes a breeding ground for nationalist fanaticism, xenophobia and intolerance, as well as for all kinds of demagogues, authoritarians and populists to whom people, overcome by a deep feeling of uncertainty, may well be inclined to turn for salvation."

The intention is to transform the CSCE, which includes the US, Canada, Russia and the other former Soviet states, into a more effective instrument for preventing conflicts as well as dealing with them after they have broken out.

Procedures for early warning, conflict prevention, crisis management and peaceful settlement of disputes have been or will be set up. A Vienna-based conflict prevention centre and an Office of Democratic Institutions and Human Rights in Warsaw have been created. They will be complemented by the appointment of a CSCE High Commissioner on National Minorities to investigate tensions arising from ethnic and minority problems.

Peaceful settlement of disputes will be an important element of a revamped CSCE, though there is disagreement on conciliation and arbitration machinery. The French argue for a formal court, while the US wants more flexible political conciliation machinery based on consensus decisions.

If a crisis breaks out, formal peacekeeping operations are envisaged. These would normally be carried out on a case-by-case basis by individual CSCE members or, at the request of the CSCE, which has no armed forces of its own, by organisations such as Nato or the nine-nation Western European Union.

Lawyer set to oversee Poland's uneasy coalition

Christopher Bobinski and **Anthony Robinson** on a government led by two parties that have differed on almost everything

POLAND'S long political crisis should end today after expected parliamentary approval for a new coalition government – the fourth since the collapse of communism three years ago – headed by Ms Hanna Suchocka.

Ms Suchocka, a no-nonsense 46-year-old lawyer, has made few enemies during her parliamentary career in the pro-market Democratic Union (UD) party but has impressed many by her quiet competence. As a Catholic with strong anti-abortionist views, she should be able to maintain the peace between the two main parties in her cabinet. These are the UD, the largest party to emerge from the general election last October, and the right-wing nationalist Catholic party (ZChN). The alliance between them made the formation of the government possible but, if handled badly, could lead to its eventual downfall.

Until now the two groups have appeared to differ on almost everything – from their approach to the role of the Catholic Church to economic policy. The UD, for example, has demanded strict controls on money supply while the ZChN has called for monetary expansion to lift the economy out of recession.

The experience of Poland's previous non-communist governments indicates that the economic agenda is set more by the International Monetary Fund and the now-ratified Association Agreement with the European Community than what politicians say in public.

The ZChN, for example, defended the 5 per cent of GDP budget deficit ceiling demanded by the IMF once they were part of the previous government headed by Mr Jan Olszewski. This helped to ensure that the economy has strengthened despite nearly nine months of political uncertainty.

A strong team at the finance ministry, led by Mr Andrzej Olechowski, the outgoing minister of finance who has been appointed an adviser to the European Bank for Reconstruction and Development, managed to control spending, while the central bank kept a close watch on the money supply.

Suchocka and Walesa: found a way to divide their powers

As a result inflation should be halved to around 40 per cent this year while industrial production is starting to recover. GDP is now expected to stabilise at last year's level after a three-year decline. This is thanks partly to devaluation of the zloty which has boosted exports and slowed imports. Poland registered a $765m trade surplus in the first five months of this year, helping to strengthen reserves.

Mr Henryk Goryszewski, from the ZChN, is expected to become the deputy premier responsible for the economy. He will have to work with men such as Mr Janusz Lewandowski, from the Liberal Democratic Congress, who is returning to head the privatisation ministry.

The self-assured Mr Goryszewski has enjoyed a meteoric rise from legal adviser in the transport ministry to chairing the Sejm's budget committee and has often criticised Mr Lewandowski's privatisation policies.

The finance ministry is to be headed by Mr Jerzy Osiatynski from the UD who served as central planning minister in the first Solidarity government.

The new government also has its big spenders. Mr Jacek Kuron, one of Poland's most popular politicians is to return to the labour ministry, where he is remembered for granting a generous deal for pensioners and the unemployed in 1990.

President Lech Walesa has grudgingly accepted the proposed cabinet after giving every indication that he would have preferred a government led by Mr Waldemar Pawlak, the 32-year-old farmers' party leader.

Mr Pawlak, who has resigned after his abortive attempt to put together a working majority, offered the president a greater chance of dominating the executive without having to take direct responsibility for its actions. The division of powers between the president and the government has plagued each successive administration and the new one should prove no exception.

But for the moment Ms Suchocka has secured that flank by acknowledging that the key ministries of defence, the interior and foreign affairs remain within the president's domain.

Mr Olszewski and his followers are now in opposition and will continue to demand the removal of former secret police collaborators from public service, an issue which helped push them into the wilderness but will have to be faced by Ms Suchocka's administration.

The Financial Times (Europe) Ltd
Published by The Financial Times (Europe) GmbH, Frankfurt Branch, Nibelungenplatz 3, 6000 Frankfurt-am-Main 1: Telephone 49 69 156850; Fax 49 69 5964481; Telex 416193. Represented by E. Hugo, Managing Director. Printer: DVM GmbH-Hürriyet International, 6078 Neu-Isenburg 4. Responsible editor: Richard Lambert, Financial Times, Number One Southwark Bridge, London SE1 9HL. The Financial Times Ltd, 1992.

Registered office: Number One, Southwark Bridge, London SE1 9HL. Company incorporated under the laws of England and Wales. Chairman: D.E.P. Palmer. Main shareholders: The Financial Times Limited, The Financial News Limited. Publishing director: J. Rolley, 168 Rue de Rivoli, 75044 Paris Cedex 01. Tel: (01) 4297 0621; Fax: (01) 4297 0629. Editor: Richard Lambert. Printer: SA Nord Eclair, 15/21 Rue de Caire, 59100 Roubaix Cedex 1. ISSN: ISSN 1148-2753. Commission Paritaire No 67808D.

Financial Times (Scandinavia) Vimmelskaftet 42A, DK-1161 Copenhagen-K, Denmark. Telephone (33) 13 44 41. Fax (33) 935335.

NEWS: EUROPE

EC court refuses to block toxic waste

By David Gardner in Brussels

THE European Court of Justice yesterday decided in a landmark ruling that EC member states may not refuse entry to hazardous waste under existing European law, although this allows them to block imports of general waste sent by their partners for dumping or recycling.

This anomalous judgment may strengthen the argument of France, which is holding up long-delayed legislation on toxic waste transfers unless it commits member states to dealing with their own harmful waste within the near future.

The Court was ruling in a case against the government of Wallonia, the French-speaking region of Belgium, which issued two general bans against waste imports in 1984 and 1987.

The case was brought by the European Commission, after complaints by Dutch waste exporters. It has as its background the Belgian scandal of the Walloon village of Mellery, where imports of toxic waste to a local dumping facility had damaged the health of local people, mainly through water pollution. The Court said that a 1984 directive establishing a system for notifying toxic waste shipments, as well as EC treaty provisions on the free movement of goods, meant the Walloon executive was in the wrong. Waste constituted "goods" in so far as it involves a commercial transaction, the judges ruled.

But although Court and Commission officials were uncertain *about the precise* consequences of the ruling, it appeared to leave open a number of doors.

The law, as it stands, still allows member states to ban specific shipments of toxic waste on health and environment grounds. For the same reasons, they can establish limits to toxic waste intake, a Court official said. It is still not clear, however, what these limits are. The Court nevertheless seems to affirm:

- that waste is not an ordinary "good", and that its circulation can be banned provided the prohibition is not discriminatory;
- and that the Walloon executive's action is consistent with the Basle Convention on toxic waste transfers – signed by the EC in 1989.

One Brussels lobbyist said that this implied support for the principle that waste should be processed as near as possible to where it is generated – and for the right of sovereign EC states to refuse entry to waste.

The decision is likely to reinforce the case for self-sufficiency when the new waste regulation is debated again by the Twelve on October 20.

It is also expected to raise more questions about the Community's role in protecting the environment.

Spokesmen for Greenpeace yesterday accused the EC of promoting trafficking in hazardous waste, and called for fundamental reforms of the Maastricht treaty.

They warned that Sweden, for instance, under current legal arrangements would be obliged to accept EC radioactive waste at its Forsmark facility.

This would be from next year, well before Sweden is likely to enter the EC, because of the common market laws established under the European Economic Area set up between the Community and the European Free Trade Association of which Sweden is a member.

Brussels warned by consumers

By Andrew Hill in Brussels

EUROPE'S leading consumer group and a former European commissioner yesterday warned that over-zealous attempts to assert the principle of subsidiarity might undermine the benefits of the single market.

Mr Peter Sutherland, a former competition commissioner now chairing a committee on *the single market, said yester*day that the EC should not compromise the 1992 objectives for fear of treading on its member states' toes.

"I'm extremely dubious about having exceptions to the single market, because I think they would be abused," he said. Following the Danish vote against the Maastricht treaty, Mr Jacques Delors, Commission president, has said it might be preferable to settle for an incomplete single market, rather than a perfect market which might be rejected by EC citizens. Mr Sutherland said: "I think generalisations like that are extremely dangerous."

The European Consumers' Union identifies a number of existing and potential problems, including omissions and exceptions to the market.

Government and employers differ over impact on economy

French truck strike losses disputed

By William Dawkins in Paris

Finance minister Michel Sapin says growth will not be affected

THE French government and employers yesterday differed sharply over the scale of the economic damage inflicted by the 10-day truck strike.

Mr Michel Sapin, finance minister, said supply shortages had seriously hit some companies but would have no impact on national economic growth, set to reach 2 per cent this year, according to the Organisation for Economic Co-operation and Development.

Mr Ernest-Antoine Seillière, head of the economics commission of the Patronat employers' group, insisted that the damage could harm growth. "We believe this great Gallic event has discredited and weakened us," he added.

Several industrial federations called on the government yesterday to allow them a moratorium on tax and social security payments, in order to help them through the cash flow shortage caused by the strike. "Several thousand industrial companies have been forced to make lay-offs and have lost sales, especially in export markets, at the moment when the general economy is in a marked slowdown," said a joint statement by the steel, mechanical, chemical, textile and electrical industry federations. Farming and tourism are the worst-hit sectors, said Mr Sapin. The government would decide on assistance case by case, through the inter-ministerial industrial restructuring committee (Ciri). The government would consider requests for aid from foreign companies which had lost money because of the strike, but help would go to French businesses first, said Mr Sapin.

The ABF French banking association yesterday called on its members to show "understanding and flexibility" towards companies in difficulty and to study the situation with local authorities and professional groups. Small businesses are likely to be worst hit, said the ABF.

The direct damage to French and foreign companies caught up in the stoppage is variously estimated at well below FFr5bn (£500m) by finance ministry officials and and "several billion francs" by the Patronat.

The employers estimate that a loss of five days' production would be equivalent to 2 per cent of a year's total gross domestic product, but is not sure yet how many full days of production have actually been lost. It expects to produce a more precise estimate in the next few days.

- Farmers angry at EC agricultural reforms ransacked two supermarkets in the southern *town of Nimes, and dockers set* up their own road blockade in the south-western port of Bordeaux yesterday to protest against reforms in their pay and working conditions, Reuter reports from Paris.

The profusion of street protests this summer – radical farmers attempted to blockade Paris last month – highlights the fragility of the unions and of worker representation in France despite 11 years of almost uninterrupted Socialist rule. A recurring government complaint during the truckers' dispute was that the protesters had no representative spokesmen.

Only 10 per cent of French workers are unionised, and in a sector such as trucking where many are self-employed, effective dialogue with the government has proved difficult.

Italian MPs linked to Milan scandal lose their immunity

By Robert Graham in Rome

THE Italian chamber of deputies yesterday agreed by a large *majority to waive* parliamentary immunity on five of its members to face charges of alleged corruption, abuse of office and illegal financing of political parties in connection with the five-month old Milan municipal corruption scandal.

However, a special session of parliament refused to allow members to be arrested, stipulating that they only answer the specific charges on which Milan magistrates had sought to have their immunity waived.

Some of the five already face further charges and a new waiver will be necessary in respect of these.

A total of 13 MPs and former *ministers are currently under* investigation by Milan magistrates in connection with the scandal, while a further nine are being investigated for alleged corruption in other parts of the country.

So far, 76 local and national politicians have been either charged or are under investigation in the Milan affair which is having wide repercussions. The scandal itself forced the resignation of the Milan municipal administration and only yesterday, after exhaustive negotiations, a new council was put together under the former communist mayor, Mr Piero Borghini. Those on whom immunity was waived were three Socialists, Mr Carlo Tognoli, Mr Paolo Pillitteri and Mr Renato Massari, Mr Antonio del Pennino a Republican and Mr Gianni Cervetti of the former communist Party of the Democratic Left (PDS). All held senior positions in their respective parties and are leading political figures in Milan and the Lombardy region.

Mr Tognoli was minister of tourism in the previous Andreotti government and a former mayor of Milan; while Mr Pillitteri, *also a former mayor* of Milan, is brother-in-law of Mr Bettino Craxi, the Socialist leader.

Mr del Pennino headed the Republican party in the chamber of deputies and Mr Cervetti was the shadow defence minister for the PDS.

Yesterday Mr Tognoli continued to protest his innocence while Mr del Pennino welcomed the waiving of immunity in order to clear his name.

The magistrates are alleging that the politicians formed part of a sophisticated system of rigged public works contracts and kick-backs worth millions of lire which largely went towards illicit funding of the political parties running the Milan municipal administra*tion – the Socialists, Christian* Democrats, PDS and Republicans.

Rome fears new influx of Albanian refugees

By Robert Graham

THE Italian government yesterday was on the alert for a fresh wave of refugees seeking to enter the country by boat following an abortive attempt by a group of 108 Albanians who reached the southern port of Brindisi on Wednesday.

This group was forcibly repatriated on a special Alitalia aircraft chartered by the Interior Ministry yesterday. It was the largest single exodus from Albania since last August when some 26,000 sought to enter Italy on an ageing freighter. This latest batch of asylum seekers had apparently commandeered a naval craft in the Albanian port of Sarseno and forced it to sea with some of its crew. Those seeking to escape Albania included members of the military as well as women and children.

The vessel was spotted by Italian naval patrols before it reached Italian waters. However, procedures established by the Italian navy and air force to turn back vessels failed because the naval craft repeatedly refused to obey instructions and the Italians were reluctant to use force at sea.

Virgin store wins Paris Sunday trading battle

By Alice Rawsthorn in Paris

VIRGIN France has won a round in its battle to liberalise France's Sunday *trading laws* by securing permission to open its Champs-Elysées store in Paris on Sundays for a test period of a year.

The store, which sells records, video and cassette tapes and books from a lavishly renovated banking hall, will open this Sunday. Mr Pat*rick Zelnick, the chairman of* Virgin France, described the Paris authorities' decision as "a triumph for logic and common sense".

Mr Zelnick has campaigned for Sunday trading since Virgin opened its first French store on the Champs-Elysées three years ago. Virgin was previously fined for opening illegally on Sundays. The Champs-Elysées store made *about one fifth of its weekly* turnover on Sundays.

Mr Zelnick has used the campaign to generate publicity for Virgin in its battle against *FNAC, Virgin's* chief competitor in France. FNAC and other retailers have argued against Sunday opening.

The Paris authorities' decision comes during a government review of the Sunday opening issue, similar to that of the UK government. The decision only affects Virgin in Paris; its stores in Marseilles and Bordeaux have not obtained permission from local authorities to open on Sunday.

Australia confronts jobs crisis

Record unemployment is forcing a change in Labor government policy, writes Emilia Tagaza

AUSTRALIA'S unemployment rate rose to 11.1 per cent in June, the highest ever recorded by the government statistics bureau. The figure exceeds the most pessimistic market estimate and has forced a quick policy shift for the governing Labor party.

Barely an hour after the figures were made public, a sombre Mr John Dawkins, the federal treasurer, announced that the government would look at fiscal measures to help the unemployed get jobs.

Over the past five years the government has focused its economic policy on keeping a tight rein on spending. It has dealt with the recession and unemployment largely through easing interest rates. Last Wednesday, the official interest rate was cut from 6.5 per cent to 5.75 per cent, the 13th cut since it peaked at 18 per cent in January 1990.

But the government has now acknowledged that easing monetary policy has done little to stimulate the flagging economy. On Wednesday, Mr Dawkins urged Australians to spend the savings they would get from the interest rate cut.

Economic pump priming was only tentatively embraced by the government earlier this year with an A$2.3bn (£890m) spending programme designed to create 800,000 jobs and reduce unemployment below 10 per cent by mid-1993 when it faces a general election.

The full effect of the programme has yet to be seen but Mr Dawkins has foreshadowed huge spending measures in the 1992-93 budget to be introduced next month. He said yesterday the fiscal measures would be directed towards training, local infrastructure and help for industries in developing exports. There would also be special aid for regions with acute unemployment levels.

The seasonally adjusted unemployment rate of 11.1 per cent in June represents 963,500 Australians unemployed. Worst affected were males between 15 and 19 years old, 31.8 per cent of whom were unemployed. Total male unemployment was 11.7 per cent.

The climb in unemployment, which has gone above the psychological barrier of 10 per cent for the past 10 months, had been helped along by severe job cuts in the services sector recently.

While the manufacturing sector has been shedding jobs since the earlier days of the recession, some of the country's large banks, insurance companies, airlines and telecommunications companies have now started laying off workers in their tens of thousands. Big cuts have been announced by ANZ Bank, Qantas Airlines and the Australian Overseas Telecommunications Corporation.

Australia

Unemployment rate (%)

Source: Datastream

The effects of unemployment have also been felt in the government's budget for the last financial year. The preliminary deficit for 1991-92 was A$9.4bn, double the initial estimate of A$4.7bn. The government attributed the surge to the heavy fall in revenues caused by lower income and business tax revenues. On the other hand, the A$1.2bn rise in outlays went mainly to higher social security payments.

Now committed to kick-start the economy, the Labor government turns its back on the low deficit era it has carefully nursed. It also now faces the risk of losing the low inflation period which had given it the room to cut interest rates.

The bad run of economic news this week has also prompted the government to revise down its growth target from 4.75 per cent to 3 per cent in 1992-93. The new gross domestic product target is in line with the Organisation for Economic Co-operation and Development forecast in May.

The irony of the policy change is that Mr Paul Keating, a federal treasurer in the mid-1980s, led the country along the path of tight fiscal policy. Now as prime minister, he seems to accept that the policy has given him low inflation and manageable current accounts, but not necessarily a clear way out of the "banana republic" economy he then warned about.

Amnesty extends its area of interest

By Edward Mortimer

AMNESTY International, the human rights organisation, will concern itself with arbitrary killings and hostage-taking committed by armed opposition groups, such as the Irish Republican Army (IRA) in Northern Ireland, as well as with abuses by governments, according to the group's annual report published yesterday.

The policy shift results from an expansion of Amnesty's traditional remit of campaigning for prisoners of conscience, decided at its biennial international council meeting, held in Yokohama last September. Other new areas of work include the defence of "selective" conscientious objectors, such as soldiers imprisoned in the US and UK for refusing to serve in the Gulf war.

In the past governments criticised by Amnesty have often retorted that it does not apply the same standards to their opponents. As the report says, states often "seek to justify violations of fundamental human rights by their own forces by referring to atrocities committed by their opponents, as if this helped any of the victims". The new policy clearly aims to pre-empt that response. Its object, the report says, is to influence opposition groups on behalf of victims, and so "to protect individuals in the face of abuses by armed political groups when governments fail to do so".

Killings and hostage-taking by such groups occurred in most regions of the world in 1991, the year covered by the report, which refers to many of them, although it does not yet reflect the full range of the new policy. In particular it mentions the bombing by the IRA of the military wing of a hospital in November 1991, which killed two soldiers and wounded 10, as well as killings by Protestant paramilitary groups, the Basque separatist organisation ETA in Spain, the Kurdish Workers' party (PKK) in Turkey, Kurdish opposition forces in Iraq, armed militias in Lebanon, and Palestinians in Israel-occupied territories.

The report opens with the observation that "the abuse of power continues unabated", referring to the torture, killings, "disappearances", arbitrary detention and other gross human rights violations which it describes in no less than 142 countries.

Amnesty, the report explains, takes no position on sentences to be passed on those convicted of human rights crimes (except that it opposes the death penalty in all circumstances). Nor does it oppose pardons after conviction, in the interests of national reconciliation. But it believes that thorough investigations are vital, to determine individual and collective responsibility and provide the victims with a full account of the truth; that those responsible must be brought to justice, and their trials concluded with a clear verdict of guilt or innocence; and that amnesty laws which prevent the emergence of the truth and accountability before the law are not acceptable.

The report does contain some heartening news, particularly from central and eastern Europe where in 1989 Amnesty had no members, only "a few, scattered, courageous subscribers to its newsletter", themselves subject to official harassment. By the beginning of this year it had more than 1,500 international members in that region, receiving information and writing letters on behalf of prisoners in other countries.

Patten turns on the charm

By Simon Holberton in Hong Kong

HONG KONG got a taste of a real politician yesterday when Mr Chris Patten, the colony's new governor, held an audience of 800 spellbound for half an hour as he outlined his vision for the last five years of British colonial rule.

His vision was based on hard realities, but served up with noble thoughts. He held up as the prize of success "a shining example to the world of partnership and co-operation". However, he was not blind to the need for a close working relationship with the colony's future landlord, China.

It was a vintage performance which launched his governorship in a way not done before. Mr Patten was anxious to convey the image of a man running Hong Kong, rather than running to Whitehall to seek approval for his every decision.

Later, the sight of him working the crowd of business and civic leaders at a drinks and canapés party was a lesson in the manipulative arts. Mr Patten possesses that most essential of all political skills: the ability to make his interlocutor feel at the centre of the world.

But the downside for the new governor is that he is going to have to sustain that performance for five years.

This was underlined even in the mostly positive reaction to his address. While his audience was impressed by the fluency of his oratory, few were unmindful of what he faces. As one senior civil servant noted: "We'll have to see how Beijing reacts."

A member of his Executive Council, or cabinet, noted: "What he said sounded good, now all he has to do is do it."

Ms Emily Lau, an outspoken advocate of full democracy for the colony, said: "I remain to be convinced" that he is Hong Kong's hope for greater democracy.

Mr Martin Lee, leader of the United Democrats, was more generous, even though Mr Patten did not address the democracy issue head on.

"I thought it was the speech of a consummate politician," he said last night. "He managed to please everyone and offend no one."

Mr Patten stressed his belief in the maintenance of Hong Kong's freedoms. He said the colony should retain a low taxation environment. He also made clear that he saw much to be done to develop social policies, particularly for education, the elderly, and for the environment.

He said nothing to offend China. One of the many difficult tasks in front of him is to build trust with Beijing. He has to convince China's leaders that the political structure he fashions is one which is in their interests to accept.

He offered an olive branch, promising candour and co-operation in matters concerning the transfer of sovereignty. But Mr Patten was not on bended knee; he said trust was a mutual exchange. This will be put to the test in the coming weeks as he oversees Hong Kong's negotiations with China about financing the colony's new airport.

It is thought in Hong Kong that China's disagreement with the financing is a cloak for a larger fear that Mr Patten will open the floodgates of participative democracy.

His vigorous assertion that his government will be "executive-led" was calculated to allay that fear but no one is betting serious money that it will overnight.

Mr Patten got Day One right; he has 1,815 days to go.

Storm clouds over S Africa

Michael Holman on growing fear and suspicion in a divided society

LIKE the smell of damp earth that warns of approaching rains, yesterday's news from around South Africa carried the whiff of stormy political weather ahead.

No single item was especially remarkable – not for a society used to violence and tension. But taken against a background of stalemate in constitutional negotiations, vituperative exchanges between leading political figures and a looming campaign of strikes and civil disobedience, they seem portents of what may be to come.

"A policeman was shot dead in Kathlehong on the east Rand", the South African Press Association (Sapa) reported. The day before, said Sapa, men armed with AK47 rifles shot dead one policeman and fatally wounded another.

"Strangers of all races are warned to stay away from the violence-torn township of Sebokeng, near Vereeniging", said Sapa. Unruly youths had set up roadblocks and were committing "acts of lawlessness", according to a police spokesman.

In the nominally independent homeland of Bophuthatswana, "about 10,000 workers at Impala Platinum Bafokeng South mine did not turn up for work on Thursday morning," reported Sapa. A mine official said the stayaway "would appear to be related to management action taken to prevent an unauthorised mass meeting" the day before.

From Port Elizabeth came reports of a statement from the management of the Toyota car plant, which earlier this week dismissed 6,000 striking workers. "If the union does not present firm and reasonable proposals for the re-employment of dismissed workers by 1600 hours Friday 10 July, Toyota will commence the re-manning of its production facilities on a permanent basis". In a Johannesburg report, Sapa quotes Mr Jay Naidoo, general secretary of the Congress of South African Trade Unions (Cosatu) and key organiser of the planned August 3 general strike as saying: "Unless every aspect of society acts decisively to break the logjam, we are going to drift into total anarchy, and possibly even civil war."

From Durban there is news of further killings in Murchison township, south of the port – at least four people dead, bringing the unofficial tally to 20 so far this month. "The latest violence comes after scores of ANC supporters who fled the violence in Murchison over the past two years returned home", says Sapa.

"Seventy-six violent deaths in South Africa were recorded by the Human Rights Commission in the first week of July," another bulletin began yesterday, "up on the 43 deaths of the previous week". The death toll was higher in Natal than in the Johannesburg region.

Let the last item in this far from complete list come from Cape Town: the Goldstone Commission, the judicial inquiry into political violence, warns that South African society is "dangerously divided by suspicion and fear".

Mandela: 'There are hardly any points of convergence' on charting a way out of crisis

ANC rejects de Klerk's call for resumed talks

By Michael Holman and Philip Gawith in Johannesburg

MR Nelson Mandela, African National Congress leader, last night angrily rejected President F W de Klerk's call for a resumption of constitutional negotiations and said a campaign of mass action against the government would go ahead.

In the latest of a series of accusations and counter-accusations between the two men, Mr Mandela said "the path of negotiations to bring about democracy is deadlocked".

"The essence of the crisis," he told a press conference in Johannesburg last night, "is that the ruling National Party keeps looking for ways to exercise power even if it loses a democratic election."

The often bitter and ill-tempered exchange triggered off by last month's massacre of 42 residents of the black township of Boipatong has not only confirmed the wide division between the ANC's demand for a constitution based on majority rule and Mr de Klerk's concept of power-sharing.

It has also poisoned the political climate and destroyed much, if not all, of the trust and goodwill that once existed between the two leaders.

Unless international efforts to break the deadlock succeed, it now seems inevitable that August 3, the date on which a general strike is scheduled to begin, together with other forms of "mass action", will mark the start of a dangerous confrontation between the ANC and government.

Although Mr Mandela last night called on all South Africans to "ensure that the mass campaign for democracy is peaceful and disciplined", most observers believe that outbreaks of violence in the current highly charged atmosphere are almost inevitable.

In a 24-page memorandum to Mr de Klerk, Mr Mandela said that although there was agreement that South Africa faced a "serious crisis", when it came to charting a way out of the crisis "it is clear that there are hardly any points of convergence".

Going on to reiterate the ANC belief that the government's objective is to secure a minority-party veto in a post-apartheid constitution, and renewing allegations of government complicity in the violence, Mr Mandela said: "To call for face-to-face talks in such a situation is entirely unacceptable."

NEWS IN BRIEF

Rao concedes on Bombay probe

The Indian prime minister yesterday announced the setting up of a Joint Parliamentary Committee to investigate the Rs35bn (£636m) Bombay stock market scandal, in response to persistent demands from the opposition for an unbiased inquiry, writes Shiraz Sidhva from New Delhi.

Mr Narasimha Rao's decision to take the investigation out of the hands of the Central Bureau of Investigation and the Reserve Bank, India's central bank, could, however, prolong the process of recovering the money.

The committee, which will comprise members from both houses of parliament, will be allowed free access to all government documents, and can summon any person for questioning.

A Congress Party spokesman said the establishment of the committee "shows we have nothing to hide". Responding to allegations from the opposition that six cabinet ministers are involved in the scandal, Mr Rao has summoned three senior ministers to reassure himself that they are not in any way involved.

Thai force dissolved

Mr Anand Panyarachun, Thai prime minister, yesterday relieved his top military man of the task of maintaining internal security following the army shootings of pro-democracy demonstrators in May, Reuter reports from Bangkok.

Government House said Mr Anand had issued an executive order dissolving the Internal Peace-Keeping Force, a branch of the military established in 1978 to intervene in domestic crises. Units attached to the force, which was under the direct control of supreme military commander Air Chief Marshal Kaset Rojananil, were involved in the Bangkok shootings, when soldiers opened fire on unarmed protesters, killing scores and injuring hundreds.

The announcement said maintaining internal peace would now be the job of the interior ministry, which runs the police.

Chaebol rules reviewed

South Korea's Fair Trade Commission (FTC) plans to investigate anti-competitive trade practices within the country's large business groups, writes John Burton from Seoul. The announcement is the latest step by the government to reduce the economic power of Korea's biggest conglomerates, or chaebol. The FTC is expected to apply new regulations in September after it completes an initial investigation of the 78 biggest chaebol.

Secretive Saudi bank may be forced to change course

National Commercial Bank may have to forfeit its privileged private status and sort out its problem loans, Mark Nicholson reports

NATIONAL Commercial Bank (NCB), Saudi Arabia's oldest and biggest, is a singular and secretive institution in a singularly secretive country. It is the kingdom's only private commercial bank, and the confidentiality this affords is the factor beyond any other which has attracted the Saudi princes whose custom has won it the tag "the Saudi royal bank".

But NCB's highly-prized secrecy looks increasingly a millstone around the bank's neck as it enters the most controversial and troubled period in its 41-year history.

However the bank survives the shock resignation this week of Sheikh Khalid bin Mahfouz, the bank's chief operating officer, who left to defend himself against fraud charges in the Bank of Credit and Commerce International (BCCI) affair, it will not emerge as quite the same institution.

Whatever the eventual verdict on Sheikh Khalid, who with a London associate was accused of fraudulently obtaining more than \$300m (£157m) from BCCI customers, and the effect of other possible ramifications of NCB's involvement with the collapsed bank, analysts and fellow bankers agree that the Saudi bank will be forced, for internal problems of its own, to change its structure and outlook fundamentally over the next few years to survive as a competitive institution.

NCB is essentially Saudi Arabia's founding banking institution and has been among the kingdom's most trusted, by royals and subjects alike, in a land traditionally suspicious of banks.

Owned by the bin Mahfouz family (whose net worth is estimated at \$2bn), which holds more than 60 per cent of the bank's shares, and the al-Kaaki family, it has a third of the kingdom's total bank deposits, eight overseas branches or offices and, with net assets in 1989 of \$23bn, is the largest private bank in the Middle East.

But NCB has not published full financial figures since 1989, and its accounts for the three preceding years were qualified by the auditors. According to Capital Intelligence (CI), the Cyprus-based rating agency, auditors have consistently been unhappy with the way the bank has classified billions of riyals of non-performing loans, most of them more than a decade on the books, lent, for the most part, to a few very highly-placed Saudis.

Saudi bankers do not doubt that the bank's solid deposit base and top-level support will guarantee its leading status in the kingdom's banking market. But the bank appears to be losing some ground in the kingdom's increasingly competitive, and increasingly sophisticated, banking sector. NCB's share of domestic deposits, dominant though it is, has shrunk over the past five years from around 40 per cent to nearer 30 per cent of the total.

CI, in a recent memorandum, said it believes the main cause of NCB's delay in producing full figures for 1990 and 1991 to be its "challenging and unconventional" methods to try to recover non-performing loans. This, decoded, means essentially that, by failing to produce figures for the kingdom's best-connected bank, NCB has sought to embarrass the country's rulers into intervening to force the debtors to pay up. Some analysts argue that only King Fahd, the Saudi ruler, himself could achieve this.

But whatever the reasons for NCB's non-disclosure, the effects have hurt its international standing – quite apart from any detrimental effects of Sheikh Khalid's alleged dealings with BCCI. In May, for instance, the bank closed its London office, arguing it had been running at a loss. However, many bankers believe the Bank of England urged the closure, uncomfortable that a branch with £1bn on its books had produced no up-to-date figures. The Bank will not comment on the matter.

However, the US Office of the Comptroller of the Currency said yesterday that among its reasons for ordering the closure of NCB's New York branch was its failure to provide "current, complete financial information" on NCB's consolidated operations.

CI early in June suspended its rating for NCB because of the non-disclosure and said in its explanatory memorandum that while under Saudi law NCB, as a private bank, has no legal requirement to produce results, it had an "ethical obligation" to do so while it engaged in substantial dealings with foreign counterparties.

CI also argued that the bank had become too large to remain an unlimited liability partnership and should urgently consider turning itself into a joint-stock bank, like the kingdom's other 11 commercial banks. "The right time for this has already passed," said CI.

Whatever the other effects of Sheikh Khalid's departure – and insiders suggest that his hands have been very much guiding the bank's rudder – analysts say it could prove the spark for overdue structural change. "Once things stabilise," says Mr Mardig Haladjian, a CI analyst, "a major restructuring is certain to take place".

Indeed, NCB officials themselves appeared to acknowledge as much soon after Sheikh Khalid's resignation. "Like all dynamic institutions, the bank will change as circumstances change," said a bank spokesman in Jeddah, when asked if the resignation might herald further changes.

But there is a dilemma inherent in any moves the bank might make to open itself out. A full restructuring – and certainly a public share offer – would require the bank to sort out its problem loans, which in turn would require the energetic support of senior members of the Saudi royal family. But, as several Saudi bankers are quick to note, these are the very people who most prize and enjoy NCB's status as a private, and therefore highly confidential, institution.

Doubts over pair picked for US poll

By George Graham in Washington

GOVERNOR Bill Clinton, the Democratic party's presumptive presidential candidate in the US, appears to have taken a swipe at conventional strategy that requires a balanced ticket.

He has picked Senator Albert Gore of Tennessee to be his vice-presidential running-mate for the election in early November.

Both men are young, Southern moderates with a penchant for policy detail.

Mr Jesse Jackson, the black Democratic leader who has often complained that no-one takes his vice-presidential credentials seriously, and who has found little to please him in Mr Clinton, criticised the Clinton-Gore partnership as "a fairly narrow ticket."

"It takes two wings to fly and here you have two of the same wing," he said yesterday.

Even so, the selection of a running-mate with a broadly similar political philosophy to his own may offer Mr Clinton a better opportunity to present a coherent candidacy than the traditional choice of someone from a different region or political camp.

"The greatest danger is that the man just nominated for president will try desperately to heal the wounds and placate the dissidents in his party. My battle cry would be: no more deals, no more balancing of the ticket," trumpeted Henry Wallace, a Democratic former vice-president, in 1956.

In fact, Mr Gore of Tennessee does balance Mr Clinton, governor of neighbouring Arkansas, in various respects.

As a veteran of the Vietnam war, and one of the few Democrats to give strong support to the US participation in the Gulf war last year, Mr Gore could offset the questions raised over whether Mr Clinton dodged the Vietnam draft.

Also, as the senate's most prominent spokesman on ecological issues, he could underpin Mr Clinton's environmental platform. Republican campaign managers believe his record as governor leaves him vulnerable.

As a second-term senator who can boast that he influenced US nuclear missile policy in the 1980s, Mr Gore also offsets Mr Clinton's relative inexperience in foreign affairs.

Analysts differ, however, on whether Senator Gore will repair his partner's perceived weaknesses in these areas, or merely underline them.

On the question of the strengths and weaknesses of an all-Southern Democratic ticket in the presidential election, though, political strategists are re-thinking.

Mr Clinton is likely to face not just President George Bush but also Mr Ross Perot, the irascible Texas billionaire who seems all but certain to run as an independent candidate.

An NBC-Wall Street Journal opinion poll, published yesterday, showed the three men in a statistical dead heat.

Mr Perot stood slightly ahead with 33 per cent, Mr Bush second at 31 per cent and Mr Clinton third at 28 per cent – but 60 per cent of those questioned indicated only weak support for their respective favoured candidate.

At 44, Mr Gore is two years younger than Mr Clinton, but he has a long political pedigree. A son of a senator, he first ran for Congress in 1976, and made a bid for the Democratic presidential nomination in 1988.

Although Mr Gore won six southern states in the Super Tuesday primaries that year, he lost Florida and Texas to the then Governor Michael Dukakis of Massachusetts, the eventual Democratic nominee, and his campaign collapsed after a flop in New York.

Mr Gore decided against a second try in 1992, citing his wish to spend more time with his family.

Supporters say that, in 1988, he started to campaign too late, and he has gained in national stature since then – principally by his stand on the environment – yet doubts remain about his ability as a campaigner.

His speeches are often soporific, yet his command of detail should present a formidable challenge to Vice-president Dan Quayle in what will be the one televised debate between the two running-mates.

Senator Gore: spokesman on ecological issues

Democrats want prosecutor to look at possible administration law-breaking

Probe urged into US aid for Iraq

By Alan Friedman in New York and George Graham in Washington

SENIOR Democrats in Congress yesterday demanded the appointment of a special prosecutor to investigate claims that Bush administration officials committed crimes in aiding Iraq's President Saddam Hussein before his August 1990 invasion of Kuwait.

The demand for an investigation into what several Democrats are calling "Iraq-gate" is likely to prove a political embarrassment to President George Bush, who has personally denied any wrongdoing by his administration.

The request was contained in a letter signed by 20 Democratic members of the House judiciary committee and sent yesterday to Mr William Barr, attorney general.

The letter said a special prosecutor should investigate alleged attempts "to conceal information about potential criminal activity from Congress through the making of false statements, the non-production, falsification or alteration of official records and other documents, and through otherwise misleading and obstructing Congress in its investigation of such matters".

Republican members of the House committee have accused Democrats of conducting a witch-hunt against Mr Bush. They say a special prosecutor would be a waste of money, just as they have criticised the costly special prosecutor's investigation of the Iran-Contra affair, under way for five years.

Mr Jack Brooks, the conservative Texas Democrat who chairs the committee, was at pains yesterday to deny that the call for a special prosecutor was related to election-year politics.

Mr Brooks said the request was equally not an attempt to second-guess the administration's policy of "tilting" toward Iraq in its war with Iran in the 1980s. "What we are concerned about is the possibility that high administration officials, in their zeal to carry out this policy, and then to keep it from being exposed, may have broken the law."

Mr Barr, who has 30 days to give Congress an initial response and 90 days to make a definitive reply, has already hinted that he does not believe a special prosecutor is needed. Yesterday the Department of Justice said it had received the congressional request, which would be "reviewed and handled" according to the procedures contained in the Independent Counsel Act.

The Brady touch reaches Brasília

Stephen Fidler on the prospects of Brazil's debt deal

BRAZIL, the developing world's largest debtor, is the last big Latin American country to have agreed a debt restructuring and reduction accord under the initiative launched by Mr Nicholas Brady, US treasury secretary, in 1989.

The accord is the most complex yet negotiated under this initiative. Banks have the choice among six options, three of which carry collateral assuring payment of interest or principal in case of a Brazilian default. Another layer of complexity is added by a likely lack of collateral – the $3.2bn promised may not be enough to go round. This will problem be surmounted by the issue of "phase-in" bonds, to be exchanged as and when collateral becomes available.

While this makes valuing the various options difficult for banks, the biggest potential pitfalls lie elsewhere. The Brazilian government is intending to secure senate approval of a detailed accord in August. Despite government insistence that approval will be forthcoming, that cannot be taken for granted, given the political weakness of President Fernando Collor.

Despite the government's protests to the contrary, the opposition will be able to characterise the accord as of, at best, moderate benefit for Brazil. As the government is now paying only 30 per cent of scheduled interest, its actual interest payments may well rise after the deal is closed. Also, once restructured, the debt will be very difficult to restructure again, because most of it will have been converted into marketable bonds.

Moreover, unless the government's economic programme is firmly on track, the deal could be severely jeopardised before it is even closed. Brazil looks as though it is going to miss its second consecutive set of quarterly targets under its International Monetary Fund economic programme. If the programme is jeopardised, then IMF funds which are needed to provide part of the collateral will also be unavailable. The World Bank has made plain, meanwhile, that it is not keen on lending in support of Brazil, given its current economic uncertainty.

In providing collateral, Brazil has promised to match the amounts of funds made available by the international institutions and in new money from the banks. If the other funds were not forthcoming, Brazil could choose to top up collateral from its own volatile reserves. But, if the government were not in a valid programme with the IMF, then many banks might decide to reject the agreement.

The uncertainty over whether the accord will be closed means that what bankers call "completion risk" is high. So, while providing a welcome political fillip for Mr Collor, the "Mexico effect" will be modest, if discernible. When Mexico signed an agreement in principle with banks three years ago, funds flooded into the country and confidence soared. The immediate benefit was lower domestic interest rates – which helped economic recovery and reduced the burden of servicing Mexico's domestic debt.

Brazil has a long way to go before it achieves the depth of economic reform achieved by Mexico three years ago, and the completion risk was significantly lower.

The reason banks would entertain this high-risk prospect is because some, particularly in the US, are keen to write back the provisions they have made on their Brazil debt. Some believe that the team of Mr Marcílio Marques Moreira, economy minister, is worthy of support, despite the weakness of the government that backs him. Without him, the whole deal might have to be renegotiated at another time.

BRAZILIAN DEBT RESTRUCTURING: OPTIONS

Type of bond	Interest	Maturity	Collateral
Discount bond◆	Libor + 13/16	30 years	principal and 12 months interest*
Par bond	4-6%[1]	30 years	principal and 12 months interest
Front-loaded interest reduction bond (FLIRB)	varies[2]	15 years 9-year grace	interest for 12 months until year 6 when returns to Brazil
New Money bonds#	Libor + 7/8	15 years 7-year grace	none
Restructuring option‡	varies[3]	20 years 10-year grace†	none
FLIRB with capitalisation♣	4-8%[4]	20 years 10-year grace	none

◆ Discount equal to 35% of face value

* Collateral can be phased in two ways: (A) Principal secured, with interest collateral phased in over two years. "Phase-in" bonds to be issued where collateral not available if par bond not chosen. Phase-in bonds exchangeable for par bonds when collateral comes available. (B) Fully secured for principal and 12 months interest at issue. Phase-in bonds will be provided where collateral not available. Phase-in bonds have maturity of 10 years and grace period of 2½ years.

$1 of new money for every $5.50 existing exposure. Existing debt converted into 15-year debt conversion bonds, 10-year grace at Libor + 7/8.

‡ In loan form only

† After which repayment in increasing instalments.

♣ Difference between interest rates in years 1-6 and 8% to be capitalised.

[1] Year 1: 4%, Year 2: 4.25%, Year 3: 5%, Year 4: 5.25%, Year 5: 5.5%, Year 6: 5.75%, Years 7-30: 6%

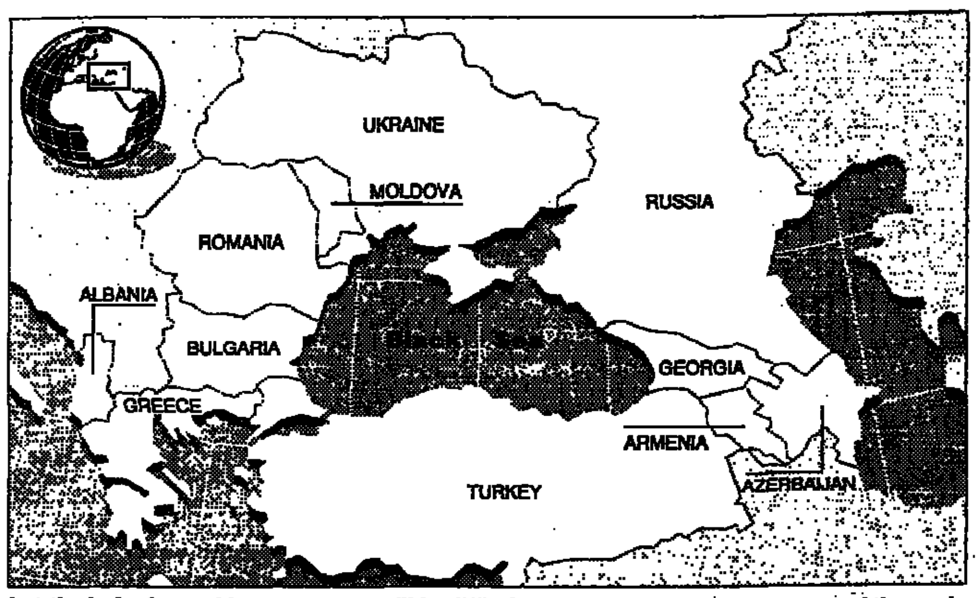
[2] Years 1-2: 4%, Years 3-4: 4.5%, Years 3-4: 4.5%, Years 5-6: 5%, Years 7-15: Libor + 13/16

[3] Years 1-2: 4%, Years 3-4: 4.5%, Years 5-6: 5%, Years 7-20: Libor + 13/16

[4] Years 1-2: 4%, Years 3-4: 4.5%, Years 5-6: 5%, Years 7-20: 8%

Economics binds those whom politics divides

John Murray Brown assesses the difficulties facing an attempt at co-operation by 11 Black Sea states



IT required some skilful seating arrangements to accommodate 11 heads of government at the same table in Istanbul last month to sign an economic co-operation agreement between Black Sea countries, given that six of them are in open conflict with each other.

That may well turn out to have been the easy part, as experts from Turkey and the eight former socialist states of the Black Sea, with late additions Greece and Albania, try to puzzle out how to turn this region of 400m consumers into a working marketplace.

The framework agreement between Turkey, Russia, Ukraine, Georgia, Moldova, Azerbaijan, Armenia, Romania, Bulgaria, Greece and Albania calls for co-operation on transport and telecommunications, infrastructure and the environment. Its broad objective is to improve on the current negligible trade ties between the former Comecon partners and their market-oriented neighbours.

But at this stage the accord is still driven more by the politicians than businessmen, many of whom remain confused as to its purpose.

Turkey has been the prime mover, clearly flattered that these newly emerging democracies should look to it as a role model. For Turkey, the project could provide, if not an adequate alternative to EC membership, at least a fall-back position. Mr Suleyman Demirel, Turkey's prime minister, says: "If Europe is going to work it must establish strong ties with the co-operative schemes around it."

Afghanistan's new government has applied to join Iran, Pakistan, Turkey and five former Soviet republics in an Islamic regional economic club, the Iranian news agency IRNA said, Reuter reports from Nicosia. The application has to be approved by a foreign ministers' meeting of the Economic Co-operation Organisation, founded by Iran, Turkey and Pakistan in 1965. The group was dormant for years but in a summit in Tehran in February it admitted Moslem ex-Soviet republics of Azerbaijan, Kirgizia, Tajikistan, Turkmenistan and Uzbekistan.

Behind Turkey's backing of the project lies the fear of growing ethnic tensions in the region. Economic co-operation is seen as a bridge-building exercise aimed at ameliorating political differences.

Before the break-up of the Soviet Union, all roads led to Moscow. The task now is to redirect many of these economies not only to a different marketplace but to a market philosophy.

The initial challenge is how to get off this "first base". The Istanbul meeting and a follow-up gathering of businessmen and government officials, organised by the Swiss-based World Economic Forum, raised more questions than answers.

Should governments invest in infrastructure to encourage the region's trade? Would this require a new development bank? Is there a need for a secretariat? Should there be a common currency? Is the aim to form a customs union?

The politicians talk boldly about joint infrastructure development in ports, rail links and telecommunications. Many bankers are anxious to know how the politicians propose to finance such investment. Mr Sarik Tara, a Turkish contractor with a decade's experience working in the former Soviet Union, cites the dramatic fall in Russia's energy exports as evidence that the real problem is not the lack of infrastructure but the lack of a working market mechanism. Even in the area of telecommunications, which every businessman recognises as a key priority, western experts say there is insufficient "traffic" to justify financing a big new network.

To promote trade, some officials suggest the Turkish lira could become a common currency, using the example of the French franc zone in west Africa. The lira is, after all, now convertible. However, it is far from stable and has fallen against major currencies in the past year.

It will be difficult to get commercial banks involved in trade finance in the region. Turkey's Eximbank has plans to extend credits to these countries. But as one leading banker asks: "To whom? Can a commercial bank really assess a financial institution in those countries?"

Moreover, the debt provision that a western bank would have to make in such a market would wipe out the returns on a commercial loan.

Mr Demirel says the aim is the free circulation of goods and services, although officials concede that some of the newly emerging states may not be ready for the full blast of competition even if that competition is from Turkish goods.

The best hope may be barter and counter trade. Turkish trade with the former Soviet Union and now with Russia has been underpinned by a \$300m (£157m) gas deal. One minor snag – if Russia becomes a member of the International Monetary Fund, Turkey could find itself in breach of its own obligations with the Fund not to enter into non-cash transactions.

Audio tape dispute set for Gatt panel

Japan to fight on in dumping row with EC

By Frances Williams in Geneva

JAPAN is expected to ask a Gatt disputes panel to rule on its complaint that the European Community has unfairly imposed anti-dumping duties on Japanese audio cassette tapes, after an unsuccessful attempt at conciliation by Gatt's anti-dumping committee yesterday.

Dumping is the sale of goods at less than the price charged in the home market, or less than the cost of production.

Under Gatt's anti-dumping rules Japan must wait until next October, three months after the conciliation failure, to request a panel. If it does so, it will be only the second time Japan has taken a trade dispute to Gatt since it joined the world trade body in 1955. In 1990 Japan secured a panel ruling against EC anti-dumping duties on mainly electronic goods assembled in the Community by Japanese "screwdriver" assembly plants.

The present case involves duties of between 15 and 25 per cent on audio tapes imposed by the EC last May. Japan claims that the duties are excessive and that the EC broke Gatt anti-dumping rules by failing to prove that its tapes were hurting the domestic industry. Although EC imports of audio cassette tapes from Japan rose slightly between 1986 and 1988, their share of the EC market fell from 41 to 35 per cent, according to Tokyo. The European Commission found "injury" to home producers in only one member state but the duties were being applied Community-wide.

Japan also argues that its cassettes are in a higher price bracket and so do not compete directly with cheaper EC tapes.

Brussels maintains that the Japanese complaint is a back-door attempt to re-open the wrangle over anti-dumping rules in the Uruguay Round of world trade talks, ostensibly closed by publication of a draft accord last December.

The EC says the four Japanese companies involved dominate a closed domestic market and use profits from high prices at home to subsidise exports and establish plants abroad. It claims the market share of EC producers in the Community has fallen to 15 per cent because of dumping, while Japan's imports of cassettes were 0.05 per cent of consumption last year.

Separately, yesterday's meeting of Gatt's anti-dumping committee agreed to a US request for a disputes panel on anti-dumping duties imposed by Canada on imports of US beer. This is the third Gatt panel on beer involving the two countries. Earlier panels have ruled against Canadian restrictions on imported beer and against US rules that discriminate against beer imports.

S Korea urged to liberalise trade policies

By Frances Williams

SOUTH Korea owes much of its remarkable economic success over the past 30 years to the open world trading system. It should therefore now reciprocate with further trade liberalisation, some of its trading partners told Gatt's governing council yesterday.

The council discussed a report on South Korea's trade policies by the General Agreement on Tariffs and Trade (Gatt) which pointed out that it was now the world's fifth biggest trader (counting the European Community as one). Since 1962, gross domestic product (GDP) had grown at an average 9 per cent a year, transforming South Korea from a poor agrarian country to a nascent industrialised economy.

The report said South Korea's success had been based on an outward-oriented, high investment strategy, supported by continuous access to foreign markets. But South Korea now had a responsibility to promote the successful functioning of the multilateral trading system, by reducing high trade barriers in several areas, notably agriculture.

The report said Korea had made considerable strides in liberalising trade, especially in manufacturing. Average tariffs had fallen from almost 24 per cent in 1982 to 10 per cent today. But "further market opening on a secure multilateral basis by Korea, which has become a significant trading partner for many countries, would also facilitate the continuation of its own successful growth performance", the report said.

High agricultural tariffs, a *de facto* ban on imports of rice and barley, and expensive domestic price support schemes cost Korea about 7 per cent of GDP in 1990, Gatt estimated, almost equivalent to the sector's contribution to the national income. This had led to a lopsided incentive structure which was now impairing industrial competitiveness, the report warned. The economy was showing signs of overheating and resource constraints, with current account deficits recorded in 1990 and 1991.

South Korea has been attacked by trading partners in the current round of global trade negotiations for refusing to consider opening its rice market. Mr Park Soo Gil, Seoul's ambassador to Gatt, told the Gatt council that liberalisation of the rice market raised "serious social, economic and political concerns related to food security and to the family-based structure of Korean agriculture".

The report also pinpointed South Korea's tendency to prefer managed trade arrangements. About 20 per cent of South Korean exports were covered by selective restraints, some negotiated bilaterally, some resulting from anti-dumping measures in importing countries but some imposed unilaterally by South Korea in an attempt to head off action by trading partners.

Advice on River Plate bridge sought

By John Barham in Buenos Aires

ARGENTINA and Uruguay are calling a conference in the next two months in an attempt to raise finance for a 45km bridge across the River Plate estuary. Potential investors and participants in the project are being invited to advise the two governments on drawing up detailed bidding terms.

The bridge, estimated at this stage to cost \$400m–\$800m, would be the region's largest privately-financed construction project. It would link Buenos Aires with Colonia in Uruguay and would take two or three years to build.

An Argentine government official said: "We do not have experience in this kind of thing, so we want to talk it over first with all those interested – bankers, lawyers, construction companies, engineers, architects."

OECD EXPORT CREDIT RATES

Minimum interest rates for officially supported export credits (%)

	Jul 15-Aug 14	Jun 15-Jul 14
DMark	9.34	9.3
Ecu	9.6	9.25
French franc	10.15	10.01
Guilder*	9.55	same
Guilder§	9.4	9.35
Guilder†	9.3	9.25
Italian lira	12.61	12.04
Yen	5.9	6.1
Peseta	12.7	12.21
Sterling	10.15	same
Swiss franc	8.08	7.86
US dollar*	6.6	6.81
US dollar§	7.48	7.89
US dollar†	7.9	8.06

*Up to 5 years. §Five to 8½ years. †More than 8½ years. These rates are published monthly by the Financial Times, normally around the middle of each month. A premium of 0.2 per cent is to be added to the credit rates when fixing at bid. Interest rates may not be fixed for longer than 120 days. SDR-based rates of interest are the same for all currencies but must be used only for the OECD-defined poor countries. The SDR-based rate was changed on February 15. It will be subject to change on January 15. -Last month's table incorrectly reported the rate for the US dollar for credits up to five years at 6.15 instead of 6.81.

NEWS: UK

Court rules on UK book sales

By Andrew Hill in Brussels, John Thornhill in London and Tim Coone in Dublin

BRITISH booksellers will be allowed to re-import UK-published books from other EC countries and sell them at discount prices following a far-reaching European Court ruling yesterday.

The ruling by the court of First Instance does not abolish Britain's "net book" agreement (NBA), through which UK publishers set minimum retail prices for books. But it could undermine the agreement by allowing "parallel imports" of British books to escape its restrictions.

The court upheld a 1988 European Commission decision which forbade publishers from applying the NBA to sales of British books across EC frontiers. The ruling will have a particular bearing on Ireland, where imports of British books account for about 80 per cent of the market. Irish booksellers, previously subject to the British agreement, will now be allowed to cut the retail price of British books.

But entrepreneurial book distributors will also be able to re-import books from Ireland – and other EC countries – into the UK, where booksellers could cut the "minimum" price by up to half.

The London-based Publishers Association, which brought the case against the Commission, said it was considering an appeal to the European Court of Justice – the EC's highest judicial body – and would try to find ways to close the parallel import loophole.

"One of the first things we will be doing is discussing [with the court and Commission] how that particular fiddle, if that's not too strong a word, could be frustrated," said the association, which represents most UK publishers. But a spokesman for Sir Leon Brittan, the EC's competition commissioner, said: "In general, the Commission upholds parallel imports as being good news for competition."

Supporters of the NBA are worried that if the agreement disintegrates, small booksellers will be driven out of business, and less popular books will either remain unpublished or be priced out of the market.

Mr Terry Maher, an arch-critic of the NBA and chairman of Pentos, owners of Dillons bookshops which sells books on a non-net basis, said the court's decision "sounds the death knell for the NBA. I think it is all over and I hope that this is quickly and graciously recognised by the Publishers Association."

He argued that the NBA was "fatally flawed" as a result of the ruling and now no longer constituted a legal document. The Publishers Association accepted it would have to modify the NBA but believed this could be done by adding a codicil rather than redrawing the whole agreement. "We regard it is as a relatively simple mechanical legal issue," it said.

Irish booksellers said the court ruling would not have an immediate effect on the market, but said they were worried that eventually there would be less choice and fewer books on the shelves. "We won't be able to stock the same range and first-time writers will have a nil chance of being published," said Ms Mary Fitzgerald, general manager of Waterstone's bookshop in Dublin.

Professor John Kay of London Business School, who has studied the economic effects of the NBA, said publishers generally believed that it was better to have a large number of small bookshops selling at a uniform price rather than introducing price-cutting which would lead to a concentration of a smaller number of larger shops.

Scottish oil yard halves workforce to 1,200

By Neil Buckley

THE North Sea oil construction industry was reeling yesterday after the announcement that 1,200 jobs – half the workforce – were to be lost at the McDermott Scotland oil platform yard in Ardersier, near Inverness.

Highlands and Islands Enterprise warned the losses might cost the local economy more than £30m a year. US-owned McDermott employs 2,500 people and is the biggest private employer in the Highlands.

More than 900 contract workers will be laid off in August, with 80 salaried staff and 200 employed by subcontractors.

Staff were told the redundancies resulted from the yard's failure to win an order for the Claymore Bravo platform for Elf Enterprise, the Franco-British oil joint venture.

Elf Enterprise said it had made no decision on whether to proceed with the Claymore project, but was examining bids from three UK yards. Analysts said that even if the contract had gone to McDermott, it was unlikely to have provided work for all employees.

Mr Jimmy Gray, trade union official, said: "In this industry we are used to peaks and troughs, but this is the largest single pay-off in the history of UK onshore construction."

Highlands Regional Council yesterday held an emergency meeting and has demanded an urgent meeting with Mr Tim Eggar, energy minister.

MPs expected to get increased office allowances

By Alison Smith

MEMBERS of Parliament are likely to get increases in staff allowances of more than 16 per cent and an additional £4,000-a-year rise to take account of general office expenses, under new government proposals announced yesterday.

The increase will take the maximum an MP can claim from £28,986 to £33,190 for the present financial year. The allowance will now reflect an assumption that an MP employs 1¾ staff rather than 1½, which is the basis for the current arrangements.

Mr Tony Newton, the leader of the House of Commons, said yesterday the increase "represents a fair balance between taxpayers' interests and the needs of MPs for sufficient support to enable them to carry out adequately their duties to their constituents".

The proposals do not go as far as the recommendations by the Top Salaries Review Body (TSRB), which suggested that the allowance should be put on the basis of two staff per MP, and that salaries should be kept separate from other costs.

The government rejected the idea of compartmentalising the allowance, despite the arguments about greater accountability and better conditions for staff, in the interests of keeping the flexibility for MPs to choose how to use the allowance.

The idea of a personnel office was turned down because of the "concern of many MPs about possible external intervention in the relationships between themselves and their staff".

Government business managers are conscious that there may well be a backbench rebellion when MPs debate the increase on Tuesday night – the day after they will have discussed changes to rationalise the working week at Westminster.

On both the last two occasions MPs have had the chance to influence the annual increase in the allowance, in 1986 and again in 1987, they voted for an amount larger than that ministers had in mind.

Even in a recession and in the midst of tough public spending negotiations, it is easier for MPs to argue for an increase in their office costs allowance than it is for them to argue for an increase in their own salaries, since the money goes on their staff, and can be seen directly in the service for their constituents.

BASIC ANNUAL PAY excluding allowances	
British MP	£30,854
German MP	£42,310 (DM121,536)
French Deputy	£47,110 (FFr455,556)
US Congressman	£67,465 ($129,500)

Fears for jobs begin to recede

By Peter Marsh, Economics Staff

FEAR of unemployment is beginning to recede, according to a survey released yesterday. It shows mild optimism about a slow recovery later this year.

Business Strategies and Gallup, the research organisations, said a balance of 31 per cent of individuals were worried in the second quarter about losing their jobs, against 41 per cent in the first quarter.

The survey also reports a slow improvement in general consumer sentiment about growth. Only two regions – north-west England and Wales – expect the economy to worsen in the next 12 months.

The results support indications that a hesitant upturn may be starting about now, although people's willingness to take on debts and increase spending remains low.

The organisations say consumer spending – which accounts for two thirds of UK output – will show a slight increase in the second quarter compared with the first quarter.

In the second quarter, a balance of 11 per cent of people in the survey – the balance being the difference between those expressing positive and those giving negative views – thought the economy would improve over the next year. Between January and March this year, the survey shows a balance of 4 per cent taking a pessimistic outlook.

Among individual households, a balance of 5 per cent said their own financial state would improve in the next year, while in the first quarter the balance was zero.

The survey is based on questions posed each month in the second quarter to 2,000 people around Britain.

Baroness Thatcher warns on economy ● Markets dust off devaluation theories

Tory MPs seek changes in economic strategy

By Ivo Dawnay and Ivor Owen

PRESSURE for a change in the government's economic strategy was mounting from Conservative MPs yesterday in spite of efforts by ministers to calm markets by insisting there will be no "quick fixes" or policy changes.

Speaking in the House of Commons, Mr Norman Lamont, the chancellor, said devaluation in the exchange rate mechanism would do nothing to turn round the economy.

He insisted that the only means by which Britain would increase its exports were to keep a firm hold on inflation and raise competitiveness.

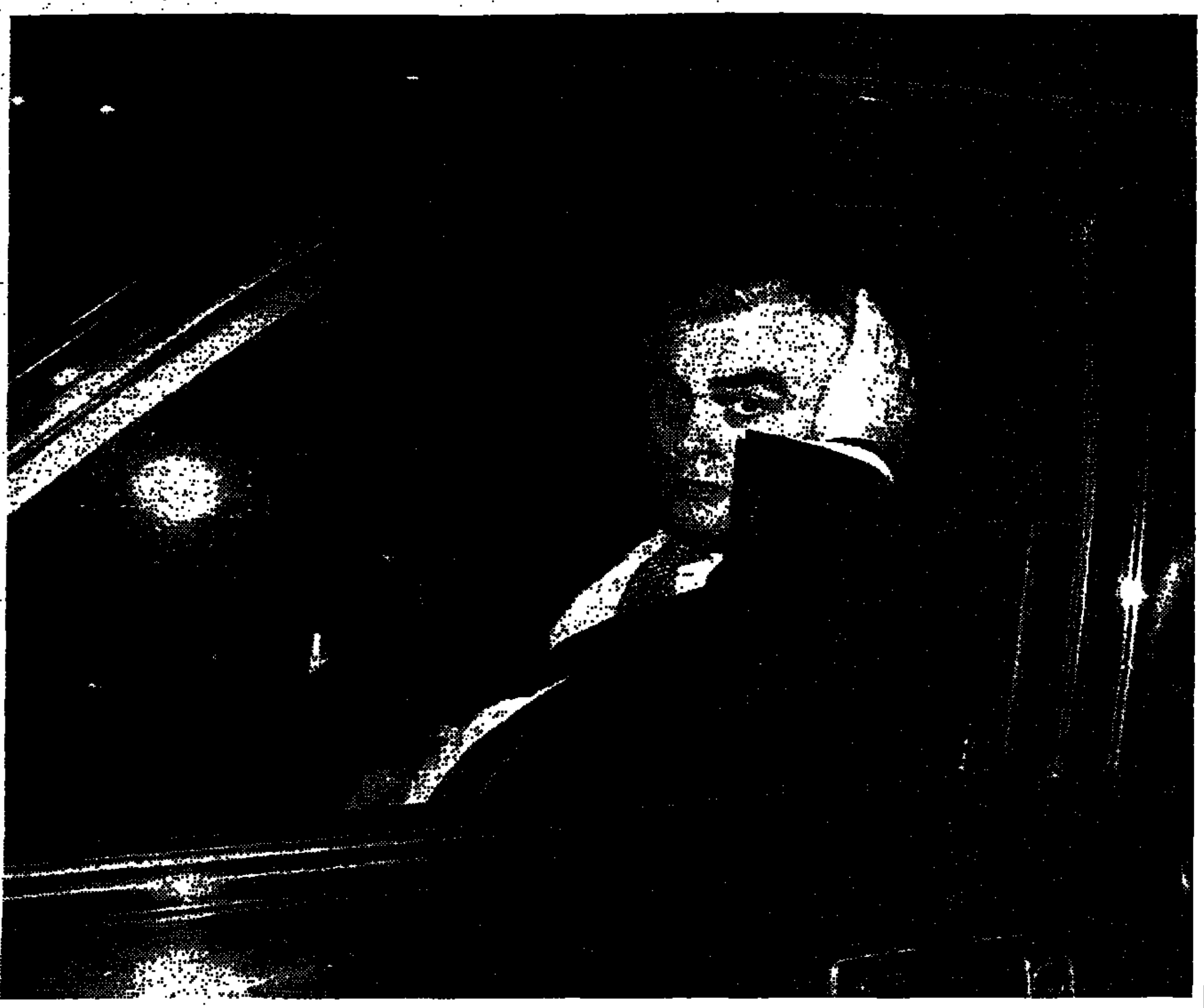
But the Treasury's steady-as-she-goes strategy is coming under increasing criticism due to high interest rates, sterling's exchange rate, and the general health of the economy.

As the Treasury and Downing Street insisted that the government remained "firm and resolute" on holding sterling's DM2.95 central ERM rate, unease was fuelled by reports that Baroness Thatcher has warned of an imminent "financial accident" if policies are not changed.

Mr John Smith, Labour's chief finance spokesman, seized on the government's discomfiture to highlight an Organisation for Economic Co-operation and Development forecast predicting that the UK's manufacturing investment would fall 3.8 per cent in the current year.

For the government, Mr Michael Portillo, the chief secretary to the Treasury, countered that 36 per cent investment growth between 1986-89 meant Britain was starting from a high base with first quarter figures showing a marked improvement.

The government, however, is facing criticism from its own MPs. Yesterday Sir Peter Tapsell, the Tory MP, asked why the government had to have "its hand held" by German bankers.



Under pressure: Norman Lamont has rejected renewed calls to ease interest rates and consider devaluation to help the economy

Devaluation theories gain currency

Economists are starting to think the unthinkable, finds Peter Marsh

THE grim cocktail of economic fragility, a sliding pound and tension over Maastricht is forcing financial markets to think the unthinkable. They are dusting off sterling devaluation theories.

Even though Mr Norman Lamont, the chancellor of the exchequer, is expected in a speech in London tonight – to repeat his strong opposition to such a move, some private-sector economists are pondering the circumstances that might force him into it.

Mr John Shepperd, of S.G. Warburg Securities, the London investment group, says: "The longer the recession drags on and the Bundesbank keeps German interest rates high, the stronger the possibility of a devaluation."

Mr David Brown, of the London office of Swiss Bank Corporation, says: "This week the markets have caught the devaluation jitters. It's going to be a difficult few months."

For all such talk, the government is a long way from thinking seriously about devaluation. Any action to reduce the pound's DM2.95 central rate in the European exchange rate mechanism – or leave the ERM altogether – would be seen as a huge backward step. It would end the UK's policy of trying to control inflation by linking the pound to the D-Mark.

Several factors explain why devaluation – for all its negative connotations – is starting to figure in economists' talks.

● Economic woes: The end to the recession still appears some time away. Many economists expect a further economic contraction this year, after a 2.4 per cent decline in 1991. In those circumstances, base rates at 10 per cent are extremely high, especially with inflation about 4 per cent-5 per cent. Any move that could help in a reduction in loan rates might appear attractive.

● Sterling's slip: Partly because of the economic gloom – and helped by the recent rise of the D-Mark against the dollar – the pound has lost ground heavily in recent weeks. From about DM2.94 at the end of May, it touched DM2.8585 yesterday before closing against a weaker German currency at DM2.88.

● Maastricht muddle: With progress towards European economic and monetary union less certain than earlier this year, worries are surfacing that an unravelling of the Maastricht treaty might shake investors' faith in the ERM. That could lead to heavy selling of weaker currencies – including the pound and the lira – with the resultant strain necessitating a sweeping currency realignment or the collapse of the whole system.

● Bundesbank obduracy: Top officials at the Bank of England are not expecting any cut in German rates until the late autumn. That is because inflation and monetary growth – both given a strong push by reunification – are still too high for the liking of the German central bank. That seems likely to give Britain little leeway to cut rates over the next few months.

Much depends on economic data to be published over the next month or so. Although ministers do not have to worry about facing voters for another four or five years, many other groups – MPs, industrialists and investors – are in a position to apply pressure to stoke a recovery.

Against that is the theory that reducing sterling's value might not lead to a long-term lowering of interest rates. Confidence in sterling might be shattered by the huge step of either leaving the ERM or arranging a realignment. As a result, the UK would be back to a position of having to cope with periodic sterling crises and rapid changes in interest rates – the very events ERM membership was meant to avoid.

Government moves to protect UK travellers

By Michael Skapinker, Leisure Industries Correspondent

THE GOVERNMENT moved swiftly last night to protect British holidaymakers after the travel industry warned there was a strong possibility that a tour company could collapse this summer, leaving customers stranded abroad.

Mr John MacGregor, the transport secretary, said he would seek parliamentary approval to bolster the fund which compensates customers and brings them home if their travel company collapses.

Mr MacGregor intends to impose a levy on the travel industry to replenish the Air Travel Trust Fund, administered by the Civil Aviation Authority. The fund was depleted by last year's collapse of the International Leisure Group (ILG).

The levy is likely to be passed on to consumers. The Association of British Travel Agents (Abta), yesterday suggested that a £1 levy be paid by every purchaser of a charter package holiday.

Mr MacGregor said that until legislation was introduced to provide for a levy, the government would offer a guarantee to enable the fund to borrow money if needed.

Mr MacGregor acted after the CAA's accounts, published yesterday, showed the fund stood at £5.1m at the end of March, compared with £26.7m a year earlier. Tour company failures since the year-end will result in further calls on the fund of about £1.5m.

The CAA warned: "There have been failures already in the present year and the market prospects for summer 1992 are unsettled."

Abta said yesterday 12 small tour operators had collapsed since the beginning of 1992.

The two largest travel companies, Thomson and Owners Abroad, have both warned that continued price discounting could lead to the collapse of another holiday company later this summer, although they say they have no particular company in mind.

Tory rebels could force government to postpone vote on EC legislation

Maastricht bill faces delay

By Philip Stephens, Political Editor

THE strength of Tory opposition to the Maastricht treaty has prompted senior ministers to prepare the ground for a possible delay until early 1993 of the government's efforts to ratify the accord on European political and monetary union.

Mr John Major is said by his colleagues to remain keen that the ratification process gets underway again before he hosts the Edinburgh EC summit in early December.

That would mean a renewed House of Commons debate - and a direct confrontation with Tory opponents of the treaty - soon after MPs return from their summer recess in October. The prime minister remains convinced that in spite of the promised revolt the the legislation will be passed.

But ministers are letting it be known that the legislation could be delayed until the beginning of 1993.

They are pointing out that the detailed committee stage of the Maastricht bill will involve intensive and exhaustive debate over several weeks. Scores of amendments have been tabled by Conservatives and Labour Euro-sceptics, who have promised lengthy filibusters to delay the passage of the legislation.

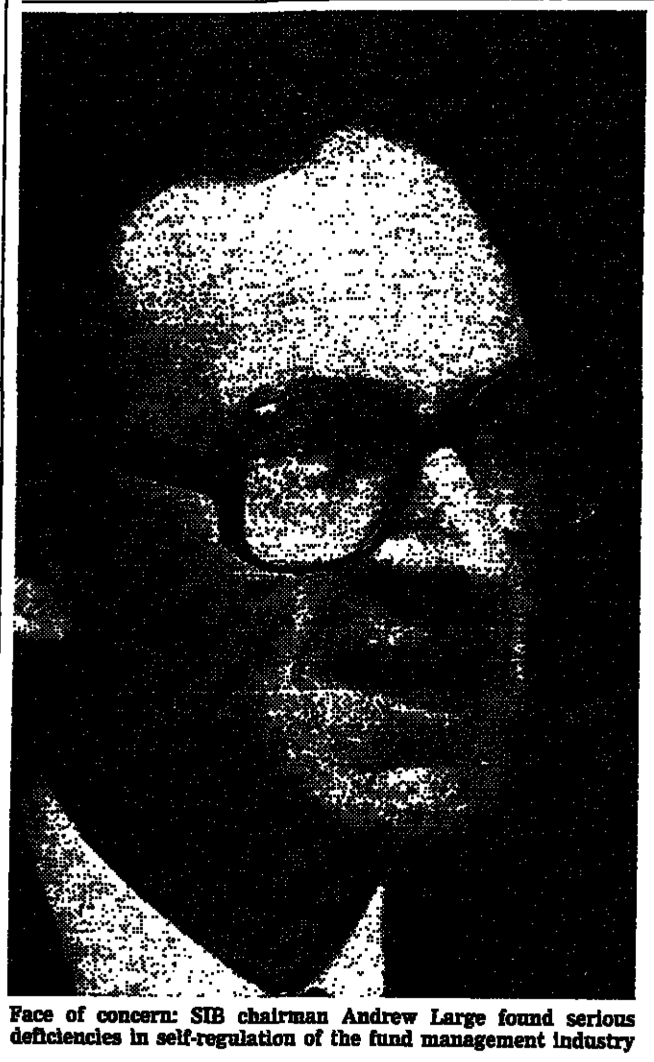
Against that background, some of Mr Major's colleagues are floating the idea that debates running late into the night for a number of weeks could dilute the efforts of the government ministers to secure a successful outcome to the Edinburgh summit. It might be more sensible, they argue, to defer the legislation until January.

No firm decisions on timing will be taken until after the French referendum on the treaty in September.

Assuming that produces a "Yes" vote, the government will then wait for the Danish government's promised plan to reverse the anti-Maastricht vote in a referendum last month. Those proposals are also expected in late September or early October.

By that stage Mr Major will also have a clearer idea of the Labour party's strategy. Mr John Smith, the opposition's leader-in-waiting, will not oppose the principle of ratification but he might support the disruptive tactics by Tory MPs.

The ministers insist there is no question of delaying the ratification process until it is certain that the Danish government will overturn its electorate's rejection of the treaty. The government's view is a second Danish referendum is unlikely before next spring and that it would be impossible to delay the British legislation until then .



Face of concern: SIB chairman Andrew Large found serious deficiencies in self-regulation of the fund management industry

Lamont promises action over Imro

By Norma Cohen and Alison Smith

MR NORMAN Lamont, the chancellor of the exchequer, conceded yesterday that the review of regulators' handling of the Maxwell affair by the Securities and Investments Board (SIB) showed grave deficiencies which were a matter of "serious concern" to the government.

In reply to a question in the House of Commons, the chancellor promised action to ensure that necessary steps were taken to tighten the system of regulation. However, he added that the vast majority of pension funds served their members well, and that the Maxwell affair was "wholly exceptional".

The SIB yesterday unveiled its conclusions about the role of Imro, the self-regulatory body for the fund management industry, in the Maxwell affair. Mr Andrew Large, SIB chairman, said his board had considered, but rejected, a suggestion that it withdraw recognition from Imro. Instead, it had decided to work on correcting key shortcomings.

The SIB also announced that Mr John Morgan, chief executive of Imro, is to resign as soon as a replacement can be found. In May, Imro announced it was seeking a successor to Mr Morgan after his term expired in September 1993.

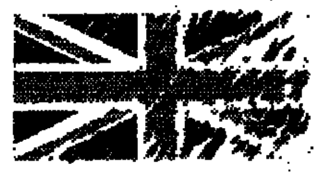
Mr Large said the SIB had decided against releasing the full contents of an Imro investigation into the affair, citing fear of prejudicing future legal actions.

The portions of the report released yesterday show that Imro itself had concluded that it was "unduly ready to rely on the good faith and professionalism of those with whom it dealt" and that "its monitoring activity was insufficiently alert."

The SIB's report, released yesterday, concluded that "Imro's monitoring failures in this case reveal more than a general lack of market awareness and scepticism in dealing with information about transactions than in monitoring returns".

Mr Large, who took over as SIB chairman on June 1, said he remained committed to self-regulation for the City. "What we have to look at is how to improve the system we have without throwing out the parts that are good."

Britain in brief



Labour MPs start race for top party jobs

The competition for the top political jobs in Britain's opposition Labour party has begun amid expectations that a record field of up to 60 candidates for 18 places could let several lesser-known MPs through to serve in Mr John Smith's administration.

With Mr Smith and Mrs Margaret Beckett, universally expected to win the leadership and deputy leadership, two positions in the so-called shadow cabinet will automatically become vacant. A further space comes from the decision of Mr Gerald Kaufman, foreign affairs spokesman, not to run. The shadow cabinet is one of the leading policy-making bodies in the party, although it must defer to decisions taken by the Labour national executive and the annual conference, where unions command large block votes.

Andersen and PW top league

Arthur Andersen, the UK's sixth largest accountancy firm by fee income, and Price Waterhouse, the third largest, were the top firms for profitability and growth last year, according to an analysis by Datamonitor, the consultancy firm.

The examination of market positioning is radically different from rankings by fee income, and elevates several medium-sized firms to high positions.

The analysis takes into account the diversification of the different business services provided by the firms, and the profits, growth rates and volatility of these service. Management consultancy and tax are rated highest business sectors for growth and profitability, followed by insolvency. Audit and accounting work is rated lowest.

House prices show rise

House prices rose by 0.7 per cent last month, a possible indication that prices have begun to stabilise following sharp falls in the past few years, Halifax, Britain's biggest building society, said yesterday.

Its findings however conflict with a survey published last week by Nationwide, the second largest society, which said house prices on average fell by 0.5 per cent last month.

Halifax said that after taking into account seasonal fluctuations, prices rose by 0.3 per cent in June, the first seasonally adjusted increase since October.

Company failures fall

The number of companies going into receivership has dropped by 30 per cent in the second quarter of this year, according to KPMG Peat Marwick, the accountancy firm. There were 948 receiverships recorded in the second quarter, compared to 1,362 in the first three months of the year.

However, the overall level of receiverships has continued to grow during the past six months. There were 2,310 in the first half of the year, compared with 1,976 in the second half of last year.

Mr Tim Hayward, KPMG head of corporate recovery, said the recent improvements "may well be the result of the banks redoubling their efforts to find solutions for clients with difficulties to avoid insolvency". They did not necessarily herald a general upturn in the economy.

Inquiry into Tec funding

Mrs Gillian Shephard, the employment secretary, announced the setting up of a working party to examine the way Training and Enterprise Councils (Tecs) are funded.

The working party will examine whether the Department of Employment should continue to be responsible for deciding how much money individual Tecs should receive.

One option is the establishment of an independent body to receive the money voted by Parliament for Tecs, then allocate funds after examination of individual Tecs' annual corporate plans.

Optimism set to grow in Ulster

There is growing optimism about the future within manufacturing in Ulster, according to a survey by Northern Ireland Chamber of Commerce and Industry.

Many employers with more than 200 workers reported substantial growth in domestic and export sales, said the chamber.

But there was lack of confidence among service companies, reflecting continued confusion over the economy and fear of unemployment.

No state aid for motorway

Mr John MacGregor, transport secretary, said there would be no government funding for the east coast motorway proposed by a consortium of public and private sector interests in east and north-east England.

Mr MacGregor said it was not worth spending £950m on a motorway from London to Humberside and Cleveland because the the government was already upgrading the nearby A1 to motorway standard at a cost of £1.5bn. However, he said there was nothing to stop the promoters going ahead with private finance.

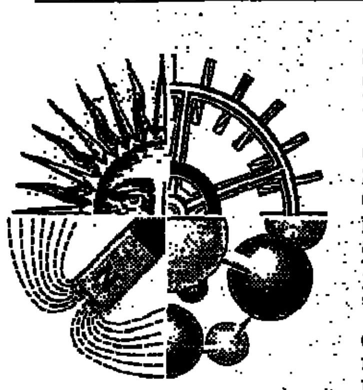
Amstrad to launch new PC

Amstrad, the computer and consumer electronics company, is hoping to revive its fortunes in the PC market with the launch of a new notebook computer at the cut-throat price of £199.99.

The company is positioning its latest PC, a lightweight personal organiser and word processor in one called the Notepad "the world's easiest to use." The new PC is targeted at the 80 per cent or so of the UK population which Amstrad says does not own or use a computer mainly because they are afraid of the technology.

TECHNOLOGY

Worth Watching · Paul Taylor



Systems has an innovative cost effective alternative called Blacklite.

By using very high frequency (millimetric) radio technology, previously used only for military communications, Blacklite can provide a low cost, high speed alternative to the costly leased line services offered by public network operators.

The system, built around a pair of video-camera sized transmitter/receivers called external radio modules (ERMs) which would normally be sited on the roof, costs about £20,000, and supports as many as 120 simultaneous voice or data "conversations" between sites up to 18km apart.

GPT Communications Systems; UK, 0532 392020.

Science scrutinises the brain in action

Scientists have known for many years that specific parts of the human brain are used for performing different types of thinking, but pin-pointing and mapping these areas has proved difficult.

Now a team of researchers from AT&T Bell Laboratories and the University of Minnesota Medical School has developed a new non-invasive technique which enables them to safely and accurately "see" the human brain working in a normal conscious person.

The scanning technique, called Blood Oxygen Level Dependent (Bold) imaging, detects increases in oxygenated blood flow to active areas of the brain. Unlike the standard images of different types of brain tissue produced by conventional Magnetic Resonance Imaging, the new method provides colour images showing the precise locations of increased neuron activity.

"Our method adds an entirely new dimension to MRI images of the brain, allowing us not just to see the brain, but to see it working," said Bell Laboratories biophysicist Seiji Ogawa. "By imaging the brain in this way, we can map the specific sites of certain mental activity."

AT&T: US, 201 564 3836; University of Minnesota: US, 612 624 4604.

Visual link provides communication line

Providing a voice and data telecommunications link between an office block and a factory site on opposite sides of a city can be expensive if it relies on leased lines.

But as long as there is a line of sight between the two buildings, GPT Communication

Accommodating system growth

Unlike computers, which keep shrinking, the amount of basic input/output system (BIOS) code needed to support the sophisticated features of today's desktop and portable computers and other digital equipment keeps growing.

To accommodate this growth, while also providing the ability to upgrade PC BIOS easily, Intel has launched high capacity two and four megabit "Boot Block" flash memory storage devices.

These new re-writeable high-speed chips, which also offer users significant power saving benefits, will also be used in the new generation of digital cellular telephones which are beginning to emerge.

Intel: Germany, 89 909 9144; UK, 0793 696000.

The potato makes a new kind of chip

An unusual use has been found for the humble potato. Using natural vegetable starch found in potatoes, the London-based AI Packagings group has launched what is believed to be the first 100 per cent biodegradable and water-soluble, free flow, light-weight cushioning material.

"Renature" which is flexible, hollow and looks like expanded polystyrene chips, provides all-round packaging protection for goods in transit. The new material has a high resistance to moisture, yet dissolves quickly when in direct contact with water.

AI Packagings: UK, 071 987 6361.

IBM widens legal battle

'Altered memory' is at the heart of the dispute, writes Alan Cane

Somewhere in Europe, earlier this year, microchips in the main memory of an IBM mainframe computer overheated, burning a hole the size of a centime in the printed circuit board on which they were mounted.

Investigation of the resulting machine failure has given IBM a reason to widen to Europe a campaign of litigation it has been pursuing against computer leasing and engineering companies in the US.

Computer leasing practices differ substantially in the US and Europe but IBM's essential allegations against the leasing industry are that:

- Its computers and components have been appropriated without its knowledge or permission.
- Vital parts of IBM systems have been counterfeited and passed off as genuine.
- Shoddy workmanship on the part of some engineering companies has led to systems failures; memory chips have been soldered to printed circuit boards for which they are inappropriate, resulting in overheating.

The latter two complaints constitute what has become known as the "altered memory" issue.

Companies it is suing in the US include Comdisco, the world's largest computer leasing company which has annual revenues of over $2bn. Comdisco rejects the charges fiercely and has spent millions of dollars in its defence. In Europe, the first overt sign of IBM's campaign has been the beginning of proceedings against Phoenix International, a Surrey-based computer brokerage and subsidiary of Phoenix Computer Associates of the US. Phoenix has since complained to the European Commission.

The issue of "altered memory" has become a *cause celebre* in Europe, provoking cries of outrage from the local leasing community. IBM is now at loggerheads with the European Computer Leasing Association (Eclat), the 80-member strong trade body. Its director general, Geoffrey Sewell, said this week that after many meetings he is disappointed that it has so far proved impossible to resolve the issue: "In my opinion, if the use of this sort of litigation were to escalate, we could be heading in Europe for what I believe is happening in the US; the use of litigation as a business tool to slow down competition. At the end of the day, it will be the user who pays".

The dispute over altered memory, however, is confusing a more fundamental argument: the question of who will control the market for second hand IBM computers – a market worth some $10bn in Europe alone.

The leasing companies believe that IBM, desperate to improve market share and revenues, wants to

Temple and Sewell: IBM is at loggerheads with Eclat

drive them out of the business and, as part of this strategy, is creating doubt among customers about the integrity of second hand systems.

IBM totally rejects this interpretation, arguing its only concern is to protect its reputation and its customers. Nick Temple, IBM (UK) chief executive says: "Generating anxiety among customers is not the thing to do. Our objective is to stop the counterfeiters and restore confidence in genuine parts".

IBM computers predominate in the world's data centres. Its mainframes, costing $1m upwards are "big ticket" items, such as jumbo jets and merchant ships and, as such, support a healthy second hand market. The price and resale value of a second hand system can be predicted with reasonable certainty over its entire life. This is the basis of leasing industry economics.

IBM has its own leasing company, IBM Credit Corporation, dealing in new and second hand machinery but the third party leasing industry is concerned almost entirely with used equipment. To meet its customers' requirements it has to reconfigure and reassemble mainframes and memory, using components from a variety of sources. To hold their book value, all these components must qualify for IBM maintenance.

A healthy second user market provides customers with three advantages Eclat says: First, the option to buy IBM equipment from a source other than IBM. Second, the opportunity to sell surplus equipment at a fair market price. Third, it forces competition between new and used equipment, which keeps IBM on its toes technologically.

The European dispute turns around altered memory. In February IBM warned that IBM memory cards altered by independent engineering companies using IBM chips would no longer be covered by IBM maintenance agreements. If a machine failed as a consequence of problems with an altered memory board, the customer would be charged for time and materials.

Memory boards are expensive – between £100,000 and £200,000 each. Computing time while a machine is out of action for inspection is also expensive.

The leasing industry argument is that reconfiguration is essential to their operations and that IBM has not, in the past, objected either to the reconfiguration process or to maintaining reconfigured machines once they had passed initial inspection. (There is an important semantic point here; reconfiguration refers to putting together systems in different ways and is quite legitimate; IBM is objecting to the creation of memory boards from chips unsoldered from existing units.)

The leasing industry believes that IBM is attempting to spread fear and uncertainty among users to encourage them to go only to IBM for new and second hand equipment. Joseph Kafka, head of Comdisco in the UK says: "I feel IBM has won the short term battle; it has scared the users". The leasing industry, itself, has to some extent played into IBM's hands. A high risk, high profit business, it has had its share of problems. The case of Atlantic Computers, which contributed to the collapse of British & Commonwealth Holdings, illustrated this.

Altered memory is another example. There are, no doubt, some engineering companies cannibalising memory, sticking IBM labels on non-IBM parts and soldering slow memory on to boards where only high-speed chips should be used.

IBM has every right to seek to outlaw such practices and reputable leasing companies are in agreement. Kafka says: "At Comdisco we have never altered any form of memory nor do we have the capability of doing so".

Sewell says: "Eclat does not support the use of memory modules which do not conform to IBM's design specification or where workmanship is not of an acceptable standard". But he argues that the leasing companies have the right to reconfigure machines and that IBM is wrong, retrospectively, to decide not to maintain altered memory cards. IBM's offering is an inspection and replacement service, the cost of which must be borne by the customer. Temple of IBM says: "I am not going to subsidise a whole industry".

Eclat, on the other hand, is arguing for a moratorium on maintenance on all memory installed on large IBM mainframes in Europe prior to February 1992. It also wants better identification methods to make it easier to recognise altered memory. Even IBM cannot always tell altered from original boards, Eclat says, an argument the manufacturer hotly disputes.

The arguments seem finely balanced; on one side, IBM protecting its name for quality; on the other, the leasing industry its right to meet its customers' requirements under the umbrella of a dominant manufacturer.

Inevitably, the leasing industry harbours suspicions about IBM's motives. It says the altered memory issue has given it a fortuitous stick to beat its leasing company competitors, especially Comdisco.

Some argue that to enjoin a rival in a legal battle discourages potential predators. Is the dispute really IBM's way of warning off Fujitsu, the Japanese company which is resolved to overtake IBM as the world's largest computer manufacturer, from making a bid for a US leasing company? Whatever the truth, the battle seems likely to cost the leasing industry and its customers dear.

City next in line

London's financial services companies are the next target for personal computer software companies battling against the unauthorised copying of software.

Mr Bradford Smith, European counsel for the Business Software Association, which represents leading software companies including Adobe, Apple Computer, Lotus and Microsoft, said yesterday that investigators were now ready to go to court to seek inspection orders against a number of City firms.

He was speaking after the BSA claimed success in its latest skirmish against software piracy. BSA investigators late last week raided the offices of Tatung (UK) and inspected software running on 100 of the company's personal computers.

Tatung (UK), is a subsidiary of Tatung Company, a Taiwanese manufacturer and distributor of electronic consumer goods including computer hardware and household appliances.

It is the first time that the BSA and its associate the Federation Against Software Theft (Fast) have taken action against a computer hardware manufacturer.

Earlier actions in the UK have been taken against Mirror Group Newspapers and the London Borough of Greenwich. Both were settled out of court.

Tatung said this week that procedures to ensure observance of software copyright had failed: "We are erasing all unlicensed copies and we are purchasing legitimate replacement software.

"We have compensated the software publishers for loss of licence fees and costs".

Mr Smith's announcement that finance houses are the next BSA target is an indication of the group's determination to leave no commercial sector untouched in its efforts to stamp out software piracy, reckoned conservatively to be costing software publishers £300m a year.

Typically, the BSA and Fast act on information that pirated software is in use; they secure a court order to enter a suspected pirate's premises in search of unauthorised copies.

They have always emphasised that they are more interested in persuading companies to use software that complies with the law than in dragging suspects through the courts.

Alan Cane

THE PROPERTY MARKET

Estate crowns a difficult year

The Crown Estate combines age old tradition with effective portfolio management, says Vanessa Houlder

Britain's most powerful and idiosyncratic landowner published its figures this week for the year to March, the *annus horribilis* of the property industry.

The Crown Estate, which includes Regent Street, large parts of St James's, both in London, and half the foreshore of the UK, saw its capital value fall by 15 per cent to £1.77bn, following a 12.8 per cent fall the previous year. Its revenue surplus, by contrast, powered ahead with a 12.2 per cent rise to £71.7m.

It was a respectable performance, given that nearly half the Crown Estate's property is in the hard-hit markets of the City and the west end of London. Revenue increase was greater than for most other property owners, although the estate warned that growth this year would not be substantial. Damage to the Crown Estate's balance-sheet was limited by the absence of borrowings and a sagacious decision to stop developments in 1989 when the property recession started to loom on the horizon.

Yet a more important factor behind the Crown Estate's resilient performance is the energy and commitment of its managers. That, at any rate, is the opinion of Mr Christopher Howes, the Second Commissioner (chief executive), who thinks the organisation is incorrectly perceived as sleepy and bureaucratic.

"When people talk about the Crown Estate being on the edge of the public sector, they imagine it works from 9am to 4.30pm. Nothing could be further from the truth," he says.

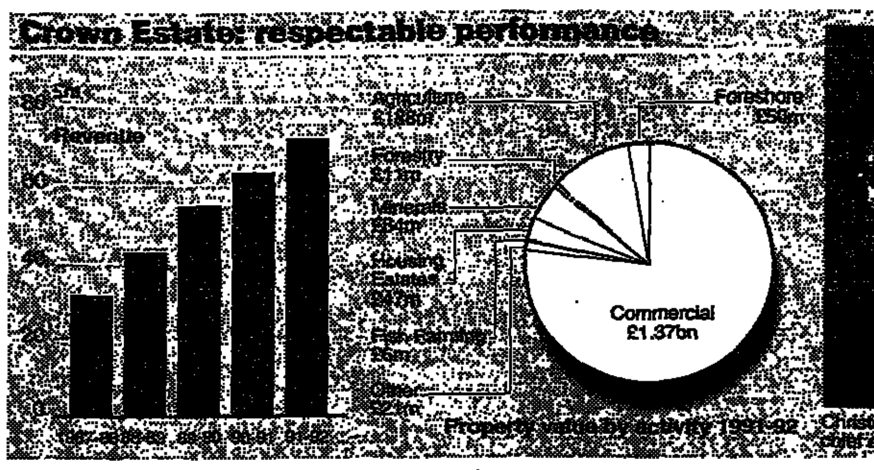
But for all the Crown Estate's apparent competence and efficiency, its image remains tainted by its anomalous constitutional position and the historic origins of its portfolio. Much of the portfolio dates back to before the days of William the Conqueror, more than 900 years ago. At that time, the estate encompassed about a third of the country, most of which has since been sold or given away.

The Crown Estate is neither the property of the government nor the private property of the reigning monarch. Since the time of King George III, the estate's profits have been surrendered to parliament in return for the civil list (a form of salary for the royal family). The board of commissioners, the Crown Estate's ruling body, is appointed by the sovereign but is answerable to the chancellor of the exchequer.

This curious combination of public accountability and centuries old tradition lends an unusual character to the workings of the Crown Estate. Its annual report would resemble that of any property company were it not for a declaration at the beginning: "To the Queen's most excellent majesty may it please your majesty . . ."

Occasionally, ancient rights and obligations have a faintly anachronistic ring about them. Recently, for instance, the Crown Estate objected when the franchise for the ferry service between Tilbury and Gravesend in south-east London was transferred without its permission, because it was a breach of the sovereign's "ancient rights to run a ferry" which dates back to the time when there was a fort at Tilbury.

Likewise, in May, the Crown lost a legal wrangle that had been started by James I against the City of London Corporation, over land at Smithfield market in London. The case rested on the transfer of land to the City under a charter granted by Henry VI in 1444.



Crown Estate: respectable performance


Christopher Howes

Some aspects of the Crown Estate's privileged position are coming under scrutiny. The government is shortly to issue a consultation paper that will make all Crown organisations subject to the same statutory planning powers as other developers and landowners. Since the estate has voluntarily subjected itself to the planning process since the 1970s, this move is welcomed by the commissioners.

A measure that is viewed with less equanimity by the Crown Estate is the government's proposals to enfranchise leaseholders. Allowing leaseholders to buy their freehold would mean the break-up of the Crown Estate's residential holdings, including the elegant Nash terraces of Regent's Park.

"The government's proposals regarding enfranchisement may seriously erode our objective to preserve the unique architectural heritage of the Crown Estate for future generations," says the Earl of Mansfield, the First Crown Estate commissioner (chairman of the board). It is still unclear, however, whether the Crown Estate would be asked to comply with the new legislation. When similar measures affecting relatively inexpensive houses were introduced in 1967, the Crown Estate was exempt. It hopes for a similar outcome this time round. "We shall make the appropriate representations at the proper time," says the Earl of Mansfield.

The Crown Estate's exemption from leasehold enfranchisement would irritate many of its tenants, who are often critical of their landlord. The heavy obligations to maintain the appearance of the stuccoed façades of the Regent's Park estate and the sharp increases in rents when leases are renewed is a source of continued complaint.

The high degree of public interest in the Crown Estate means that any disagreement with tenants is likely to attract media attention. But the commissioners are adamant that they cannot be seen as a soft touch, as this would be unfair to other tenants.

Mr Howes sees the task of the Crown Estate as a fine balancing act between extracting the best possible returns from the property and pursuing broader objectives.

"We can be tough negotiators and managers of buildings. We are entrusted to manage something that is rather precious," he says.

For example, the Crown Estate has long contained an element of low-cost housing in London. And in March it issued a statement about its environmental objectives called "Stewardship in Action", designed to "balance environmental, commercial and social needs in the management of the estate".

At the same time, the Crown Estate's financial practices have been receiving increased attention. Traditionally, the organisation has been difficult to pin down about its financial performance and, in particular, the value of its estates. For years, it argued that valuations were inappropriate and unnecessary for a portfolio which included properties such as Windsor Great Park.

That policy changed in 1987, the first year the Crown Estate published a valuation of its assets. Since then, its financial performance has come under even tighter scrutiny, partly as a result of pressure from the National Audit Office (NAO), a watchdog which examines the financial performance of public bodies. In 1988 the NAO concluded that the absence of financial targets was the chief weakness in the Crown Estate's attempt to bring its financial management up to date. Now, Mr Howes jokes, the estate is monitored more closely than a cardiologist's examination room.

This year, the organisation's performance against targets of the portfolio's value has been disappointing. However, this may partly be the fault of the target-setters, who made their forecasts a year ago when few chartered surveyors expected the depression in the market to be as severe as it has been.

The portfolio's performance is not helped by some underlet business parks in St Albans and Cambridge. And a shopping centre in Worcester, jointly developed by the Crown Estate and which opens in the autumn, is an embarrassment because the co-developer, Ford Sellar Morris, went into receivership in the summer of 1991.

But, compared to most institutions and property companies, the Crown Estate has enviably few problematic developments. That is helping the estate to come through this property recession in better shape than many of its less idiosyncratic rivals.

CAPITAL GROWTH (%)

	Retail	Office	Industrial	All Properties
Year to May 92	-0.6	-13.3	-1.4	-5.7
Quarter to May 92	-0.1	-3.4	-1.6	-1.6
Month of May 92	0.0	-0.8	-0.6	-0.4

Investment Property Databank

THE INSTITUTE OF ACTUARIES

The following candidates have completed the examination requirements for the qualification of Fellowship of the Institute of Actuaries.

Ablett, R.B.	(London)
Adams, Miss P.J.	(London)
Almond, Miss H.L.	(Oxford)
Anderson, W.D.B.	(London)
Annmashahun, A.H.	(Horsham)
Armitstead, Dr K.	(Bristol)
Austwick, Miss R.J.	(Birmingham)
Barnett, M.J.	(Oxford)
Baron, C.J.	(London)
Beaumont, R.W.	(London)
Bell, Mrs S.E.	(Norwich)
Birkett, A.M.	(York)
Bishop, J.K.	(London)
Blay, Mrs A.J.	(Horsham)
Boulton, D.C.	(Oxford)
Bradley, M.K.	(Norwich)
Brewis, M.C.	(Cape Town)
Briggs, D.M.P	(Oxford)
Brockbank, Miss G.	(Horsham)
Brookes, R.G.	(London)
Brown, D.M.	(Liverpool)
Buddhdev, B.D.	(London)
Bullen, C.J	(London)
Burke, Miss R.K.	(London)
Burkes, Miss A.J.	(Bristol)
Burton, D.L.	(Birmingham)
Butroid, Ms K.	(Peterborough)
Byrne, F.F	(Edinburgh)
Byrne, Miss K.J.	(London)
Candland, A.J.	(London)
Carrington, M.	(Horsham)
Carroll, Miss M.M.	(Dublin)
Carroll, S.	(Horsham)
Chacko, F.X.	(Bristol)
Chadwick, P.J	(London)
Chatterton, M.A.	(Horsham)
Chesler, R.S.	(Johannesburg)
Clarridge, P.D.	(London)
Cohen, K.C.	(Johannesburg)
Cole, Mrs C.A.	(London)
Coleman, P.S.	(London)
Collie, R.C	(Liverpool)
Cook, P.L	(Bristol)
Cox, A.D.	(London)
Cox, A.K.	(Bristol)
Crowhurst, R.J.	(London)
Czemuszewicz, A.J.	(London)
Dales, R.P.	(Bristol)
Dalton, J.H	(London)
Dardis, A.	(London)
Davies, L.C.	(Cape Town)
Davis, G.I.	(Dublin)
De Jager, L.	(Cape Town)
Donaldson, E.B.	(London)
Edwards, M.F.J.	(Norwich)
Edwards, Ms N.J.	(Auckland)
Fail, P.A.	(London)
Falconer, D.P	(Peterborough)
Faulkner, L.J.	(London)
Feasby, A.	(Horsham)
Feasby, Mrs S.A.	(Horsham)
Feldman, Miss L.A.	(London)
Feyter, J.A.	(Auckland)
Firby, Mrs S.J.	(Exeter)
Flanagan, E.M.	(Liverpool)
Foot, N.F.	(London)
Ford, M.W.	(Salisbury)
Forsyth, M.S	(Dublin)
Furnish, M.D.	(London)
Gainsford, J.P.	(London)
Gilbert, S.C	(Johannesburg)
Giles, D.A.	(Norwich)
Goatley, M.J.	(London)
Gordon, A.C.	(London)
Gordon, T.J.	(London)
Green, A.M.	(Birmingham)
Griffiths, Mrs J.P.	(London)
Grout, Mrs A.-M.	(Horsham)
Gupta, S.	(London)
Hall, Ms J.	(Sydney)
Hammer, M.R.	(London)
Harding, Miss J.	(London)
Harding, R.J.	(Staple Inn)
Harlow, Miss J.A.	(Horsham)
Harvey Wood, O.C.	(London)
Hatch, G.J.	(London)
Hedge, P.P.	(London)
Herbert, A.C.	(Barbados)
Hewett, N.D.	(London)
Hibbard, G.R.	(London)
Hills, M.A.	(London)
Hodgson-Byrne, B.P.	(London)
Hodson, Miss D.J.	(Horsham)
Holland, Miss S.L.	(Bristol)
Huber, P.P.	(Cape Town)
Hull, C.R.	(Liverpool)
Humphrey, S.R.	(London)
Hurley, Miss E.M.	(Horsham)
Ibeson, D.C.B.	(London)
Irons, T.A.J.	(Salisbury)
Jack, T.B.	(Melbourne)
Johnson, M.P.	(London)
Johnson, R.H.	(Oxford)
Jordan, A.W	(Wellington)
Kaczmarska, Mrs J.M.	(London)
Kane, Miss G.E.	(Dublin)
Kaye, A.N.V.	(London)
Kendix, D.C.	(London)
Kennedy, T.J.M.	(Dublin)
King, P.R.	(Leeds)
King-Turner, Miss E.J.	(Horsham)
Kitts, A.	(London)
Klitscher, W.A.	(Peterborough)
Knight, R.I.	(Melbourne)
Knoetze, F.	(Cape Town)
Kohli, A.M.	(London)
Lambrechts, Mrs L.	(Cape Town)
Lane, G.B.	(Cape Town)
Lang, J.A.	(Salisbury)
Le Roux, A.M.	(Johannesburg)
Leck, K.A.	(Bristol)
Lee, D.R.	(Salisbury)
Lincoln, A.J.	(London)
Loach, M.A.	(Horsham)
Lock, G.P.	(London)
Lockwood, B.	(London)
MacDonald, C.W.	(Wellington)
Malik, A.T	(London)
Manni, S.A.	(Isle of Man)
Martin, M.W	(Hertford)
Martland, K.A.	(Leeds)
Mayo, C.N.	(Horsham)
McCulloch, N.J	(Norwich)
McDonald, P.D.	(Manchester)
McGrath, S.G.	(Dublin)
McIntyre, R.J	(Bristol)
Mellor, R.	(Leeds)
Melville, J. de V.	(Cape Town)
Mendel, S.P.	(London)
Middleton, D.R.	(Bristol)
Middleton, G.R.	(London)
Montgomery, E.W.J.	(London)
More, Mrs S.A.K.	(London)
Morris, T.A.	(London)
Murphy, M.B.	(London)
Nesom, A.M	(Bristol)
Noonan, P.	(London)
Northover, C.J.	(Exeter)
Norton, Miss M.Y.	(London)
Norton, Miss S.K.	(London)
Nzau, G.M.	(London)
O'Carra, S.	(London)
O'Gorman, Miss A.M	(Dublin)
O'Loan, M.	(London)
Olswang, R.D.	(London)
Ost, M.N.	(Norwich)
Otten, Ms J.L.	(London)
Oyetunji, O.B.	(London)
Page, Miss L.R.	(Auckland)
Pearson, S.R.	(London)
Perlman, J.Y.	(Johannesburg)
Pistell, S.R.	(London)
Pledge, K.J.	(London)
Pooley, Mrs L.R.	(Exeter)
Procter, A.R.	(Hertford)
Puleston, Miss G.R.	(London)
Putney, Mrs C.L.	(London)
Quigley, W.F.	(Dublin)
Rachman, M.J.	(London)
Ratcliffe, P.H.	(Oxford)
Rawlins, Miss H.S.	(London)
Reiche, E.B.	(London)
Reilly, J.W.	(Dublin)
Reynolds, G.N.	(Horsham)
Roberts, J.V.	(Peterborough)
Roberts, Miss P.M.C.	(London)
Rodgers, C.B.	(Oxford)
Rodriguez, R.A.	(Peterborough)
Rolfe, J.N.	(Oxford)
Romer, Miss J.E.	(Leeds)
Rowe, G.	(York)
Rudden, K.M.	(Port of Spain)
Sanders, A.J.	(London)
Sandford, M.R.	(Brussels)
Schmidt, Mrs D.A.	(Cape Town)
Seed, M.A.	(Leeds)
Shah, N.G.	(London)
Shakir, M.I.	(Brussels)
Shallis, P.C.	(London)
Sheridan, Miss P.M.	(London)
Siedentopf, Mrs D.R.C.	(Oxford)
Simpson, Miss B.G.B.	(Liverpool)
Simpson, P.H.	(London)
Singh, B.	(Bristol)
Skottowe, P.N.	(London)
Slater, M.E.	(London)
Smith, A.L.K.	(London)
Smith, J.L.	(Norwich)
Snowdon, J.	(London)
Snoyman, T.	(Johannesburg)
Staines, C.R.H.	(Bristol)
Standing, Miss H.	(Bristol)
Stanhope, M.H.	(Liverpool)
Stanley, M.	(London)
Starr, J.M.	(London)
Stone, L.E.	(London)
Summerfield, A.N.	(Exeter)
Sutton, C.D.	(London)
Teasdale, J.F.	(London)
Tester, M.R.	(London)
Thomas, P.L	(Bristol)
Thompson, J.M.	(London)
Thorley, T.A.	(Leeds)
Tian, K.A.	(London)
Tindall, P.M.	(York)
Toh, Miss W.-L.	(London)
Trevor, Mrs R.A.	(Liverpool)
Valks, Mrs H.	(York)
Vergeest, F.A.	(Cape Town)
Vincent, D.M.	(Bristol)
Walker, A.N.	(Isle of Man)
Walpole, H.	(London)
Webb, M.A.	(London)
Wells, A.J.	(Birmingham)
Whitcombe, M.A.	(London)
White, Miss J.M.J.	(London)
Whitehead, M.I.	(London)
Whittock, S.	(London)
Whitworth, J.C.	(London)
Wiggins, C.G.	(London)
Williams, M.J.	(London)
Wilmot, D.C	(London)
Wilson, M.R.S.	(Oxford)
Yardley, B.N.	(Manchester)
Yiasoumi, C.A.	(Manchester)

LEGAL NOTICES

Notice of Appointment of Joint Administrative Receiver
GLOUCESTER ROAD FINANCE LIMITED
Registered number: 2132587. Nature of business: Registered Money Lender. Trade classification: 38. Date of appointment of Administrative Receivers: 24 June 1992. Name of person appointing the Administrative Receivers: Midland Bank plc. Joint Administrative Receivers: N J VOOGHT (office holder no 6339) J ROSS (office holder no 18) Address: Orchard House, 10 Albion Place, Maidstone, Kent ME14 5DZ

ART GALLERIES

KUNSTMUSEUM AND KUNSTHALLE Basel/Switzerland transForm Picture Object Sculpture in the 20th century 14.6 - 27.9.1992. Daily 10-17 h

ACTUARY OPPORTUNITIES

INTERNATIONAL PROPERTY

MANAGEMENT

The shape of things to come

GEC

AT THE CROSSROADS

PART FIVE: Charles Leadbeater concludes his series with a look at what the future holds for the group

An attractive 19th century country house in the village of Dunchurch just outside Rugby in the Midlands was the setting this spring for an event almost without precedent in General Electric Company's history.

On the evening of Sunday March 8 about 150 of the company's top managers from around the world gathered in the oak-panelled dining room of GEC's management college to discuss the group's future.

Usually the Stanhope Gate group, a small team of top executives at the company's headquarters, dreams up and discards ideas about how GEC should develop, and managers of subsidiaries plan the future of their particular businesses. The only previous occasions when managers from operating units had gathered to address the future of the group was during two brief conferences in the 1970s.

Describing the Dunchurch gathering, Mr Murray Easton, managing director of the Yarrow shipyard in Glasgow, says: "It was the first time that many of the people there had met and there were some businesses I did not know were in GEC."

The conference, entitled GEC in The '90s, began the following morning in the lecture hall. Proceedings got off to a light-hearted start.

Lord Weinstock, the group's managing director, praised the way Lord Prior, the chairman, had trailed around the world drumming up orders.

Lord Prior shot back: "But Arnold, you always tell managers 'Don't praise people because they will just ask for more money.'"

Lord Weinstock replied: "From now on you can get praise or money, but not both."

Thereafter the discussion became very serious.

The group has rarely faced a set of challenges as great as those it faces now. Lord Weinstock outlined how the group had to expand through joint ventures in continental Europe and into new markets, if it was going to offset the decline of traditional defence and public sector markets in the UK.

Mr David Grant, the recently appointed technical director, urged executives to develop visionary plans to use new technology and open up markets, while Mr David Newlands, finance director, described how GEC's financial controls could be tightened further.

GEC executives are not the only ones thinking seriously about the company's future. Earlier this year the Prudential, GEC's largest shareholder, completed an exhaustive six-month study of the group.

The Prudential team gave GEC a clean bill of health. A senior executive at the Pru explains: "GEC's operating units are generally in good shape, run by good managers. Not much more could be squeezed out from them than has been. Our judgment is that GEC will now tick over quite nicely delivering earnings growth of 7 or 8 per cent a year, which for the 1990s with inflation at about 4 per cent will be a good performance."

The GEC-Alsthom joint-venture will make large sums of money. But this raises a question that will haunt GEC through the 1990s. Can the group spend this cash to generate growth in areas such as communications and services, consumer and medical electronics which will compensate for the contraction of its traditional UK public sector markets? If it cannot, GEC could become a shrunken shadow of the mighty industrial combine which it was designed to be when it was created in the late 1960s.

And the answer to the question will not just affect the welfare of GEC's employees and the wealth of its shareholders. GEC is more than simply a private company; it is the industrial mirror of many of the strengths and weaknesses of British society. Its performance has always been public property because it is a reflection of public policy. For almost three decades the group has struggled beneath a heavy burden of public expectation that it could become Britain's national champion in electronics, an instrument of manufacturing revival. The company has always straddled, and sometimes been caught between, the public and private sector, business and politics, industry and the City.

It has a tangled, symbiotic relationship with the British state. In the late-1960s, the Labour government sponsored its creation, through the acquisition of Associated Electrical Industries and English Electric. That merger in 1968 was supported by both the then Board of Trade and the Industrial Reorganisation Corporation. Since then it has supplied successive governments with everything from telephone exchanges to torpedoes, radar systems to railway rolling stock. In the 1980s it was rudely shocked by the Thatcher governments' policies of privatisation and liberalisation which ripped through its once cosy markets.

The high hopes which were invested in GEC have exposed it to great disappointment. Over the past two decades accusations of short-termism, insularity and complacency have accumulated at its door.

This welter of criticisms boil down to the allegation that GEC has lived off some of the best assets inherited from Britain's industrial past, without doing very much to secure its industrial future. In its very creation it was supposed to help arrest industrial decline. Instead it has merely profited from it. Lord Weinstock, his critics allege, has made money from the course of history when he should have tried to change it.

Most of the controversy about the group can be traced back to an innocuous four-page document which Lord Weinstock first issued to his managers in the late 1960s. It is the monthly financial report which the managing directors of subsidiaries have to send back to him each month.

The report is disarmingly simple. About seven financial ratios compare such items as sales, stocks, average pay, and capital employed against the previous year and the budget for the coming year. On the final blank page managers describe their plans for the business.

These monthly reports are the outer extremities of GEC's nervous system. They are how the subsidiaries communicate with the brain at Stanhope Gate. The financial details provide GEC headquarters with the common denominator to assess the performance of its widely differing subsidiaries.

Mr Ron Turner, managing director of the New Jersey-based GEC-Marconi Electronic Systems, which was acquired by GEC in 1990 explains: "The dialogue with GEC is mainly financial rather than about technology or strategy."

The company's finance officer gets two or three phone calls a day from GEC headquarters; the technological exchange, which is partly constrained by US Department of Defense regulations on technology transfer, is much less frequent.

Lord Weinstock pores over the reports each month, often marking them in red felt tip pen and scrawling criticisms on the back page. If he finds a number he does not understand or an unwelcome development such as ballooning stocks, he pushes a short code on his telephone which links him to his manager and the interrogation begins.

Managers know that Lord Weinstock may call them at any moment to pounce upon an aberrant number. As a result they are rarely far away from their ratios. Most managers are like Mr Paul Barron, the manager of the Rushton Gas Turbines factory in Lincoln, who keeps his ratios in the top drawer of his desk, ready to be pulled out if the telephone rings. Mr Bill Korb, the managing director of Gilbarco the petrol pump maker based in North Carolina, goes one step further: he keeps duplicates in his office, at home and in his car in case Lord Weinstock tracks him down when he is on the move.

The climax of this financial ritual is the annual budget meeting. In the early months of the year small knots of managers can often be seen waiting nervously in the lobby of the Stanhope Gate headquarters as they prepare to squeeze into one of the small lifts which will take them to the upper floors for their annual grilling. The intimidating team of interrogators usually includes Lord Weinstock, his son Simon, Mr David Newlands, finance director, Mr Malcolm Bates, deputy managing director and Mr Grant.

Mr Carey Nolan, managing director of Picker, the Michigan-based maker of medical scanners, takes about three months to prepare his plans before flying to London. He says: "No one tells me what ratios to aim for, what profits I should earn. They expect me to come in with an aggressive budget. It is my budget, my plan for the business."

For the managers their annual audience with Lord Weinstock is nerve wracking. One US executive explains: "Once Lord Weinstock gets hold of something he will not let go. You have to be prepared to be questioned on any aspect of the business in the most minute and trivial detail."

This simple set of disciplines is the source of GEC's enduring strength, its financial security. It serves two main purposes.

First, it is the way the small team at GEC headquarters keeps a check on what is going on in the subsidiaries, that reported profits reflect reality. Mr Jeff Johnson, Gilbarco's finance director explains: "You could not fiddle the figures when you are reporting this clutch of ratios because if you tried to boost profits artificially it would soon show up somewhere else in the numbers. Lord Weinstock would spot it in an instant."

Second, the top management uses the ratios to drive the subsidiaries to improve their performance. Mr Nolan says: "It can be a pain but we are constantly challenged on different aspects of the business. Lord Weinstock is a terror about capital employed. I guess we would be more casual about the management of our assets if the top-line profits kept growing, but Arnold breathes down our neck."

It is commonplace for GEC's financial controls to be described as rigorous. However, they can be surprisingly lax in identifying problems in the businesses.

Mr Maurice Dixon, who oversees GEC's metrology division – mainly Gilbarco, Avery the weighing machine maker and GPSL, the semi-conductor manufacturer – says: "A business can seem all right through the numbers but it can be going bad. Or the numbers can suggest a business is struggling while it is actually getting better."

A prime example of this was GPT, the telecommunications business. The figures showed this was earning handsome profits from its core business supplying British Telecommunications with large switches. But in reality by the late-1980s it was seriously adrift, with little prospect of new business growth to offset the impending decline in its BT business.

Mr Peter Gershon, GPT's managing director explains: "GPT was overmanned and heading for serious problems in some areas. The management team was introspective. It was not aware of the wider market outside BT and how competition and technology were affecting its position. The traditional sources of profit were falling and there was insufficient attention given to how to create new sources of income, a lack of understanding of what was needed to succeed in international markets. Business planning here used to be a nightmare. The process was so complex it required an army of people. The company was lost in a morass of plans. In the last 12 months we have bitten the bullet. But it should have been done a lot earlier."

GEC's financial controls are not as ruthless as those of Hanson, the acquisitive conglomerate. But they are short-term. The horizon is next month or next year.

Managers say this does not constrain their investment plans. Lord Weinstock will approve investments if the short-term financial performance shows the business is being well run. But the financial system produces its own inhibitions. People censor themselves and hold back on proposals which they know are unlikely to be approved.

The system can be good at identifying opportunities for cost savings within an individual business, but it fails to identify cost savings that might come from co-ordinating several businesses.

The most glaring example of this is the state of GEC's consumer appliance businesses, Hotpoint and Creda. Obvious opportunities to cut costs by pooling their activities – joint purchasing of components, for instance – were not taken because they reported their financial results separately.

Lord Weinstock, however, does not believe the financial system is the company's life blood. He says that comes from the way its technology, markets and management combine. These three elements are his yardsticks for judging the company's strengths.

But has GEC got the right managers to develop the technology to exploit growing, profitable markets?

● GEC's approach to research, development and technology has been subject to heavy criticism. It spends less on research and development and files many fewer patents than most of its big international competitors.

The caricature of the group as technologically hollow, however, is highly misleading. Its technical staff are of a high calibre. Marconi, its defence arm, has very strong technology – laser guided weapons, satellite environmental monitoring, sophisticated video telephones.

GEC is one of the largest software houses in Europe. Across the group it spends about £400m a year on software which is becoming increasingly important to all its products.

Nevertheless, Mr Grant recognises there is room for improvement. He wants a more formal system of technology planning to run alongside the financial planning so that managing directors are more aware which technologies are critical to the future of their businesses.

Keen that GEC companies should work together more by sharing research, he says: "I can identify solutions from the centre, which people cannot see from the subsidiaries." GEC subsidiaries sometimes plough ahead on projects in ignorance of the work that other companies within the group have already done on the same topic.

However, Mr Grant's main worry is that GEC managers sometimes lack the vision of how they might develop technology to meet emerging consumer demands. His vision is for GEC to excel as an applier of technology to products. It should not do any basic research, he believes.

On this view, GEC will not be driven by technological invention. Spending on technology will be pulled by demand from GEC's markets. That means the future of GEC as a high-technology company is inextricably linked to its ability to open up new markets. This is its greatest problem.

● GEC's approach to marketing is generally poor. It is good at selling its existing products in familiar markets. Yet, apart from a few exceptions such as the avionics division in Rochester, Kent which has just won big orders from Boeing, its attempt to open up new markets are feeble.

GEC is far more at home in slower moving markets, where it has to deal with a few large customers, than in open, fast-moving consumer markets where it has to reach thousands of customers. This explains the failure of its attempts to break into the US office equipment market through its acquisition of AB Dick.

The limitations of the company are a reflection of the peculiarities of its main customer, the British public sector. The classic example is in telecommunications. Like other British manufacturers the company relied too heavily on orders from the Post Office and the Commonwealth rather than attempting to push its way into more internationally competitive markets. The Post Office insisted on idiosyncratic and over-engineered products which GEC has since found very hard to sell abroad.

GEC's technological shortcomings are partly a product of its insular approach to markets but also the mind changing and short termism of its British public sector customers, whether over the System X telephone exchange, the Nimrod radar or the nuclear power programme.

● The quality of the managers who run GEC's operating units is mixed. But it is generally as good as anything available in British industry. GEC has strength in depth at its grass roots. Its subsidiaries are usually run by long serving executives who combine a background in engineering with a sharp commercial sense and a strict financial discipline set from above.

The trouble is that these managers' horizons usually extend no further than the boundaries of their own business. As a senior Stanhope Gate executive puts it: "This company is a collection of good small businesses run by good small businessmen."

GEC's main management weakness has been its missing middle. The subsidiaries report financially direct to Stanhope Gate. The supervisory managers who oversee groups of GEC businesses, such as electronic metrology, office equipment and even Marconi, have traditionally had little power to bring their charges together to pool activities and cut costs.

The justification for the missing middle is very powerful. In most companies attempts at greater central direction have led to layers of unproductive bureaucracy which inhibit change.

Travelling around GEC, however, examples abound of how subsidiaries could learn from one another without incurring much cost. A prime example is in manufacturing modernisation. The US businesses have taken great strides to streamline manufacturing through total quality programmes. Picker's de-unionised computer tomography factory on the outskirts of Cleveland has cut its management layers from nine to three, reduced job classifications from 188 to 6 and pared average product costs to 58 per cent of what they were four years ago. It is making 270 scanners a year with a staff of 82, working in self-directed teams, compared with the 120 scanners it used to make with 180 staff.

This has been the main force behind Picker's strong performance in the last three years: return on capital employed has risen from 14.5 per cent to 20 per cent, sales growth has increased from 4.5 per cent a year to 10.5 per cent and sales per employee are up to $200,000 a year, from $120,000 in 1989.

With such impressive examples of manufacturing efficiency available within the company, one might expect staff at Stanhope Gate to instruct a stream of British managers to visit the US. Yet there seems to be no concerted effort to spread the best practice from these US plants around the group.

Outside Stanhope Gate change is afoot. Managers at Marconi, GPT and GEC-Alsthom are all attempting to integrate the management of their companies more, to drive them forward in a more concerted way. But at headquarters the Stanhope Gate group has two main weaknesses. Its members are good at operating like a merchant bank, dreaming up ideas for how the group might develop through acquisitions. But they show no sign of being able to galvanise the company and drive it forward in the way that Mr Jack Welch has transformed GE of the US or Pierre Suard has pushed Alcatel into the top ranks of the world's telecommunications companies.

The Stanhope Gate group also has an ad hoc approach to management development which sometimes seems to amount to managers falling in and out of favour with Lord Weinstock. And its biggest failing may yet turn out to be an inability to secure an orderly succession to Lord Weinstock. As a former senior MoD official puts it: "Apart from Weinstock who has a view of how the whole business works who could take over? There is no one."

GEC is a well run company by any standards. It has combined financial stability with high technology, a rare mix for the UK. Its lasting achievement will be the rationalisation which saved the British electrical industry and enabled it to find a strong Europe home in alliance with Alsthom. While it was far less active in the 1970s than it should have been it came through the two recessions of the last decade in better shape than British Steel or Imperial Chemical Industries. GEC has £876m of ready cash, enough to buy British Aerospace, which only two years ago was boasting of being Britain's largest manufacturing group. It has ridden the upheavals which have struck the world electronics industry far better than many of its competitors, such as Thomson, AEG and Philips, by steering clear of many of the markets they have invested in.

But this means the company's growth outside the electrical industry is patchy and haphazard. Last year its pre-tax profits of £829m were just £100m higher than in 1985, barely any real growth at all despite buying half of Plessey and a large chunk of Ferranti.

The company's subsidiaries are scattered and small. Their strengths are rarely pulled together effectively. It is adept at saving money but sometimes ill-judged at spending it; good at acquiring medium-sized niche companies, less sure in making big acquisitions which could set it on a new growth path. It is too often a follower rather a leader. It is strong where its companies are large and used to facing stiff competition; weak where they are small and used to protected markets. Even when there is an immense amount of activity at GEC, there is little sense of momentum about the group as a whole. If you take away Lord Weinstock, the top management seems competent but not inspiring.

So could it have been different? Certainly it could have been a lot worse. Alternative management methods were tried and failed at many of GEC's British peers, some of which – Associated Electrical Industries, English Electric, Morphy Richards, Hawker Siddeley, STC – have disappeared while others, such as Ferranti and Thorn, are a shadow of their former selves.

And could it be different in the future? The next few years will be telling.

If Siemens of Germany pulls off its rationalisation of Siemens-Nixdorf and its semi-conductor business, it could be the dominant European force in computing as well as powerful in telecommunications and power engineering. Alcatel will be a world leader in telecommunications and power engineering. So what of GEC?

It is extremely unlikely that GEC will suffer any kind of financial crisis. However, unless there is the right kind of management change at the top of the group it could suffer a gentle decline, slowly shrinking even though it may be returning healthy profits. As things stand its most likely future is as a financial holding company at one removed from the management of a third of its assets which are tied up in joint ventures. On a pessimistic view its other activities could be a rag bag of niche businesses clustered around Marconi which is struggling to come to terms with its uncertain future.

The far flung resources of the group need to be pulled together more effectively to capitalise on expertise in software, after-sales services and in contracting. Around the group, managers thirst for its prudence to be combined with ambition.

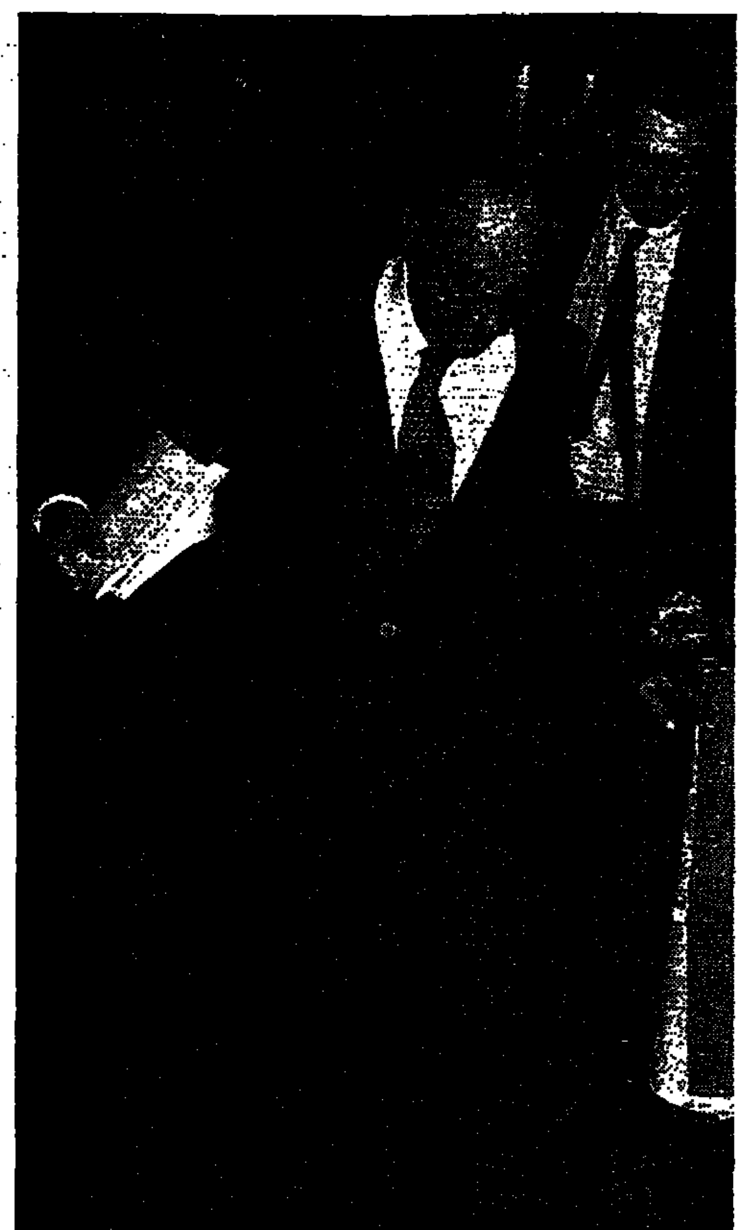
Lord Weinstock's management style was ideally suited to the task of squeezing waste and eliminating duplication from traditional heavy industries. The group now needs someone with marketing vision to pull together and drive it forward into new markets.

It is not written in stone that there is only one way that GEC can or should be run.

Travelling around the group, from 19th century factories in Lincoln which used to make tractors to the very latest electronic warfare research laboratories in Stanmore, from the huge turbines made in long halls at Rugby to the printed circuit boards which come from Portsmouth, from the brutal realism of GEC factory managers to the intellectual agility of staff at Stanhope Gate, one cannot fail to have great admiration for Arnold Weinstock's achievements.

Yet it is also hard to escape another conclusion. GEC has huge potential in the technology and management tucked away in its subsidiaries. That potential will lie untapped if the company continues to be run in the same way.

The time has come for change, led from the top. That will require more than a reshuffling of the pack. When Lord Weinstock created GEC he represented a younger generation of managers with new ideas about how business should be run. The time is nigh when another generation of managers should shape GEC's future.



FORWARD: Lord Weinstock's group has rarely faced such challenges

BUILDING UP: Yarrow's shipyard. Managing director Mr Murray Easton said of the Dunchurch management gathering: "It was the first time that many of the people there had met."

FT LAW REPORTS

Auditors not liable for losses

BERG SONS AND CO LTD AND OTHERS v ADAMS AND OTHERS
Queen's Bench Division (Commercial Court): Mr Justice Hobhouse: June 19 1992

AUDITORS who are at fault in failing to qualify their certification of a company's accounts for uncertainty are not liable to the company for subsequent loss if it did not rely on the accounts and was not misled by them in that the information contained in them was provided without intent to defraud by the person who was in effect sole proprietor of the company and was its directing mind and will. And certification alone gives rise to no duty of care towards a lender who may rely on the accounts, in that their statutory purpose is confined to protecting the company and informing shareholders, and does not extend to other persons.

Mr Justice Hobhouse so held when dismissing claims by Berg Sons & Co Ltd and Union Discount Co (London) plc against Berg's auditors, Deardon Farrow.

HIS LORDSHIP said that on May 21 1985 an order was made for the winding up of Berg on the petition of Union Discount, a creditor. Berg was insolvent. It was heavily indebted to various banks and discount houses. A liquidator was appointed.

In the present proceedings Berg alleged breaches of contractual and tortious duties owed to it by its auditors, as a result of which it allegedly lost some £13m.

Union Discount alleged breach of a tortious duty of care by the auditors, and claimed in respect of the dishonour of four bills of exchange drawn by Berg, three of them on a company called Esal Commodities Ltd.

The allegations related to an unqualified certificate signed by the auditors for Berg's accounts for year ending March 31 1982.

The criticisms were that the accounts should have shown a turnover of only £2.19m not £23.69m; and secondly, that bills for £2.39m (the "Gimco" bills) included as "bills receivable" should have been treated as irrecoverable.

The audit report, addressed to "the members" of Berg, was signed on October 8 1982. The auditors' certificate stated: "In our opinion the accounts give a true and fair view of the state of affairs at March 31 1982."

Berg's directing mind and will was that of a Mr Golechha who was in effect sole proprietor. His knowledge was the company's knowledge. In addressing their certificate to members, the auditors were for practical purposes addressing it to Mr Golechha alone.

When the auditors received instructions to carry out the statutory audit it was reasonably foreseeable and foreseen by them that Berg would make use of the accounts in its dealings with bankers.

It was not foreseen, nor was it reasonably foreseeable, that the audited accounts would be the sole information on which a bank or discount house would rely in assessing Berg's creditworthiness. Nor was it reasonably foreseeable that failure to qualify the certificate would cause loss or damage to Berg.

The auditors carried out a specific investigation of the Gimco bills.

With regard to recoverability they had no more than the assurance of Gimco, an Abu Dhabi entity, that the bills would be honoured "within three to four months or earlier when able" and an unsupported statement by Mr Golechha that he believed Gimco would pay. They had effectively no verification of recoverability.

The auditors should have said "bills receivable include bills ... payable by an overseas debtor the creditworthiness of whom it has not been possible to verify", and "subject to satisfactory recovery of the monies, in our opinion the financial statements give a true and fair view".

Had the auditors refused to sign an unqualified certificate, on the evidence the possibility was that the effect on Berg's affairs would have been insignificant. Mr Golechha's business activities depended very much on his own personality, his personal relations with the relevant bank managers, and the banks' assessment of his business standing.

The accounts were not critical. They did not provide any basis for extending substantial credit to Berg.

The reasons for Berg's ultimate failure was Esal's failure and Berg's unsuccessful commodity dealing in the year ending March 1984. The cause of Union Discount's failure to recover on the bills was Esal's and Berg's failure.

In *Caparo [1990] 2 AC 605,632* Lord Oliver said the auditor's function was to protect the company from the consequences of undetected errors or wrongdoing, and to provide shareholders with reliable intelligence as to the conduct of its affairs.

The decision was that it was not part of the purpose of a statutory audit to assist even shareholders to take investment decisions in relation to the company.

It followed from the decision on the restricted purpose of the statutory audit that there was also a restriction on the scope of the duty of care that arose simply from carrying it out. The duty was owed to the company itself, normally in contract.

The duty, although owed to other persons falling within the scope of the statutory purpose, was in effect equivalent to the duty owed to the company itself. Union Discount did not fall within the relevant class of persons.

The purpose of the statutory audit was to provide a mechanism to enable those with a proprietary interest in the company or concerned with its management or control to have access to accurate financial information about the company.

Provided those persons had that information, the statutory purpose was exhausted.

Berg had based its case not on lack of information on Mr Golechha's part but on the opportunity the auditor's certificate was said to have given for the company to continue to carry on business and to borrow money from third parties.

Such matters did not fall within the scope of the duty of the statutory auditor.

Berg sought to argue that the fact that Mr Golechha was fully informed and in no way misled by the certificate was irrelevant since he was, it said, acting contrary to Berg's interests, and his knowledge should not be attributed to the company.

However one identified the company, every physical manifestation of Berg was Mr Golechha himself. Any company, if it was to allege it was fraudulently misled, must be able to point to some natural person who was misled by the fraud. That Berg could not do.

It was alleged by Union Discount that a duty of care was owed to it by the auditors when they certified the audit. It said they knew it was extending credit to Berg, and it was foreseeable that it would be sent copies of the accounts and would rely on them in deciding whether to continue to extend credit.

Union Discount did not prove that the purpose of the audit was other than to satisfy the statutory requirements.

In *Al Saudi Banque [1991] Ch 313* Mr Justice Millett held that foreseeability that a lender might rely on audited accounts was not, without more, enough to establish the duty of care. His decision was approved by the House of Lords in *Caparo*.

Caparo showed there must be a specific relationship between the function which the defendant was requested to perform, and the transaction in relation to which the plaintiff said he had relied on proper performance.

The transactions by which Union Discount alleged it suffered loss were remote from certification of the accounts. It could not establish the existence of any duty of care owed to it in relation to the audit.

Berg's claim failed because the company was not misled and did not rely on the certificate, and because the facts did not raise a situation where Mr Golechha was acting in fraud of the company or its creditors. Union Discount's claim failed because it had failed to establish any duty of care. Both claims also failed for want of proof of causation.

For Berg and Union Discount: Stanley Burnton QC and Thomas Ivory (Hopkins, Wood).

For the auditors: Roger Toulson QC and Charles Douthwaite (Reynolds Porter Chamberlain).

Rachel Davies

Barrister

PEOPLE

First head of environment for British Gas

Competition is not the only challenge British Gas, the former UK monopoly gas supplier, faces in the next few years. It also has to confront increasingly tough environmental standards.

Leading the charge will be **Patrick Weatherilt** (left), recently appointed by British Gas to the new post of head of environment. The job has been developed to ensure that British Gas's environmental policies and practices are "at least equal to those of the best companies".

This is the first time there has been a manager with overall responsibility for environmental matters at corporate services level. Weatherilt will report to Mike Arnold, group director of safety and environment.

Weatherilt joined the company in 1974 and was involved in developing the national transmission system before becoming chief environmental planning officer.

In 1991 he joined health and safety to manage the huge environmental audit BG is conducting at 4,000 installations around the world, designed to ensure that standards are met wherever the company operates.

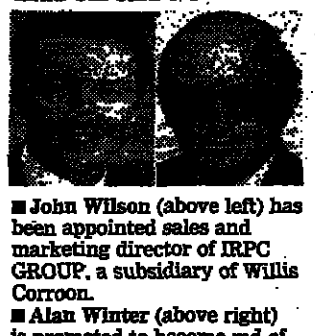
He will keep responsibility for that project, and is also charged with ensuring that standards of environmental management are consistent throughout the different arms of the company – UK marketing, exploration and production, and global gas.

A third role will be monitoring national and international environmental legislation.

■ **TI Group has appointed two executive directors to its board: John Potter (left), president of the Bundy International small tubes unit, and Robert Fisher (right), president of the John Crane International seals subsidiary. The appointments bring the number of TI's executive and non-executive directors to six each, excluding Christopher Lewinton, the chairman. Earlier this week Sir Colin Chandler, chief executive of Vickers, was named as a TI non-executive director.**

■ **MTM, the north-east chemical group, has appointed Terry Smith as finance director. He was previously finance director at British Fuels and before that at Yorkshire Chemicals.**

Moves in insurance



■ **John Wilson** (above left) has been appointed sales and marketing director of IRPC GROUP, a subsidiary of Willis Corroon.

■ **Alan Winter** (above right) is promoted to become md of LEGAL & GENERAL PROPERTY; he replaces **David Ormerod** who is leaving at the end of August.

■ **Sandy Neilson**, director and general manager of Clydesdale Bank Insurance Brokers, is joining ORIGO SERVICES and will become md in August when **David Munro** returns to Standard Life.

■ **Peter Sharman** is promoted from deputy md to md of ROYAL INSURANCE (UK); he succeeds **Geoff Prince** who has left the company. **Roy Elms**, group underwriting director, has been appointed deputy chairman of Royal Insurance Holdings and of Royal Global.

■ **Martin Rayfield** is returning to Sedgwick James as a director on the board of SEDGWICK JAMES (LONDON); he was most recently md of Becher & Carlson, a subsidiary of American Reinsurance.

■ **Donald Payne**, chairman of Willis Faber & Dumas, is appointed a director of WILLIS CORROON.

■ **William Poortvliet**, an executive vice-president of Metropolitan Life of New York, has been appointed chairman of ALBANY LIFE and its parent MetLife (UK).

■ **David Brewer** has been appointed chairman of SEDGWICK JAMES Far East Ltd.

■ **Michael Lewis** has been appointed investment director of the WESLEYAN ASSURANCE SOCIETY.

■ **Alan Thurlow** has been appointed financial director of EDGAR HAMILTON.

■ **Bruce Granger** is appointed sales and marketing director, **Philip McCabe** business systems director, and **Chris Eatwell** personnel director at SAFEGUARD INSURANCE SERVICES.

■ **Robert Colegate** has been appointed a director of LLOYD THOMPSON Ltd.

■ **John Wakefield** is appointed a director of RICHARDS, LONGSTAFF(INSURANCE).

■ **Bob Scott** (below left), general manager (UK), has been appointed a director of GENERAL ACCIDENT.

■ **David Meldrum** (below right), until recently GRE's chief executive in Australia and New Zealand, has been appointed general manager of GUARDIAN ROYAL EXCHANGE's financial services division.

Finding a shell in the Channel Tunnel

After 111 years the managers of Channel Tunnel Investments, which was set up to dig the first channel tunnel, have called it a day. Sir John Lambert, a 71-year-old retired diplomat who has chaired the shell company since 1986, is handing over to a young team which plans to change the company's name and move into the locking wheel nut business.

Philip Ling (right), a 46-year-old industrialist, is heading a new team of directors who plan to use CTI's stock market quotation to take over Carflow Products, the market leader in the supply of car and truck locking wheel nuts, and raise new capital. Subject to the approval of an egm on August 3, the intention is to change the company name to Channel Holdings and build up an industrial group through acquisitions.

Apart from Ling, who will be chairman, the proposed new board will be Patrick Rogers, 41, chief executive, Barry Treacy, Carflow's 49-year-old managing director, and Desmond Mitchell, a 34-year-old merchant banker, who will be finance director. Sir John Lambert will retire along with Rodolphe d'Erlanger, a descendant of one of the company's founders, and Roy Treacher.

Sir John said that "although it is a matter of sadness to sever our links with the company's original objective, the board has concluded that it would be in the best interests of the company and its shareholders to revivify the company by the acquisition of a successful business with an established profit record."

Exhibition

Reactions to vintage Verdi

Patricia Morison

The way Europe looked at the start of 1867, it was taking a risk to designate the Universal Exhibition in Paris a symbol of peace and harmony.

On July 1, prize-giving day, Napoleon III received the news he dreaded: Emperor Maximilian of Mexico had been shot by a firing squad. How one staunch republican reacted to the news is the theme of a highly original exhibition at the National Gallery: *Manet: The Execution of Maximilian*.

Maximilian's story reads like vintage Verdi. He was an underemployed young Habsburg who, disastrously, agreed to let a French expedition install him in Mexico. The French army pulled out when the Americans turned menacing and the republicans, led by Benito Juárez, too strong to smash.

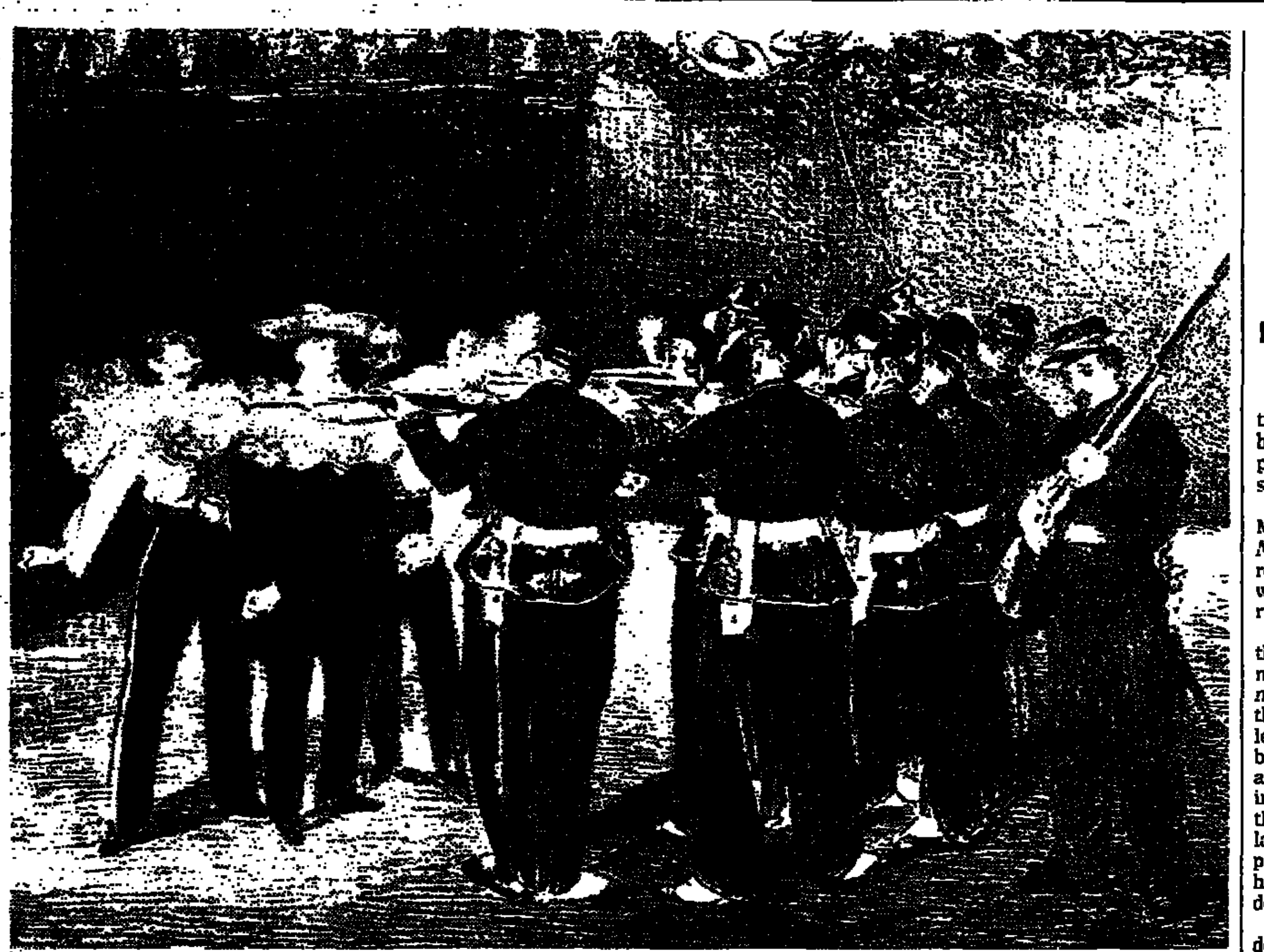
The emperor's wife, Charlotte, begged for perfidious Napoleon's help, then went mad. She was shut up in a castle in Belgium and died in 1927. Maximilian's troops were overwhelmed, he was tried, then shot at the Hill of Bells with Generals Miramón and Mejía.

The whole of Europe was enthralled by the tragedy. For Edouard Manet, it suggested a painting which would pull in the crowds at his one-man exhibition which still had months to run.

At once he started a monumental canvas showing the instant when the bullets found their mark. In fact, as he learnt, the wretched Emperor needed to be finished off with a double *coup de grace* from the figure Manet shows waiting on the right.

As more and more such details of the execution appeared in the newspapers, Manet started afresh. In the end, he painted three versions. These now hang together for the first time this century: the first version from Boston, the National Gallery's own fragmentary second version which was rescued by Degas after Manet's death, and the completed version from the Städtische Kunsthalle in Mannheim, where the exhibition will also be seen.

One change was to replace the Mexicans' sombreros and flared trousers with the correct, French-style uniforms. The emperor was shown grasping the Indian general's hand, and in the Mannheim version the execution takes place by a cemetery wall, over which peek a crowd of grieving Indians. Sunlight floods the scene and behind the mourning cypresses the sky is a brilliant blue: Maximilian reportedly said: "I always hoped to die on a day such as this."



The banned lithograph version of the Execution of Maximilian (Rijksprentenkabinet, Amsterdam)

However, Manet's realism did not mean that he felt bound to produce a substitute for a non-existent photograph. Juliette Wilson-Bareau's fascinating exhibition book, (National Gallery, £12.95) brings out still more clearly the wilful discrepancies in the Mannheim version.

The generals were shot in the back as traitors. Maximilian did not stand, Christ-like, in between them. Mexican soldiers did not wear spats, but Manet's composition needed the slashes of white against black. How strongly the bold simplicity of military uniforms appealed to Manet's eye, we see from his famous portrait of the boy fife-player, lent by the Musé d'Orsay.

Another of the exhibition's themes is political censorship. As usual, the censors were inconsistent and ineffectual. Whereas the press were allowed to churn out heart-rending accounts of the Mexican disaster, the censors in advance banned both Manet's painting and his superb lithograph.

However, they were defeated by a bizarre craze for *cartes de visite* photographs showing the firing-squad, Maximilian's mummified corpse, and his bullet-shredded shirt.

For Manet's circle, the accessible version of his masterpiece was the intensely dramatic oil-sketch, on loan for the show from Copenhagen. He gave it to his last mistress, Méry Laurent, who hung it behind her piano.

Lithographs and a remarkable watercolour from Copenhagen show Manet's anguished response to the Paris Commune of 1871. It is a little uncomfortable to discover Manet actually went to watch a military execution of Communards.

But then, it is the triumph of this exhibition to present a Manet who is not the dandy, strolling about Paris in search of "the heroism of modern life", in Baudelaire's famous phrase.

Here instead, is a painter of popular icons of heroism. Although it is somewhat diluted in Manet's portraits of left-wing politicians, old-fashioned heroism is at full strength in his scene of the naval battle between the English and the Americans and in *The Escape of Rochefort*, the "red" aristocrat and journalist.

Bravery in fancy dress made the bullring irresistible to Manet, even before he visited Spain. His *Dead Toreador* from Washington is immaculate in *black and white, a trickle of* dark blood under his shoulder. Yet another coup de théatre is for this famous painting to be seen beside a little-known 17th-Century Italian painting, *The Dead Soldier*.

This extraordinarily haunting work has been in the National Gallery since 1865. Previously, it was in a Paris collection, where Manet could have seen it and – given that it was considered to be by Velázquez – he almost certainly did.

As one critic pointed out at the time, the two corpses look remarkably alike. Yet we also learn from the artists' very different intentions. The soldier is a *vanitas* image, meant to make viewers reflect on the *futility of worldly ambition*.

Manet's painting belongs to a secular age: what counts is the gaze of the public, not that of the Deity. In the bullring, as on the Hill of Bells, it took a mere split-second to end a man's life.

The artist could take that instant and, through the magic of his brush edit it into an enduring monument to the nobility of the human spirit.

National Gallery, London. *Manet* runs to 27 September. Information on (071) 839 3321

Theatre

King Lear in New York

Malcolm Rutherford

The Chichester Festival Theatre has – somewhat unfairly – acquired the reputation of being a rather middle-brow, Home Counties sort of place where it is best to play safe.

It has been suggested that Melvyn Bragg's *King Lear in New York* was brought into the repertory to see if the audience would take something more risky.

There need be no fears on that account. Bragg's play is as middlebrow as they come, and *none the worse for that. True,* there is a sprinkling of four letter words, a conversation between father and daughter about sex and a scene involving hard drugs, but these are of the stuff that can be seen regularly on television, and which presumably even Mrs Whitehouse no longer objects to in decibels.

Nor, on the intellectual side, does appreciation of the play depend on an intimate knowledge of the original *King Lear*.

Bragg is a biographer of the late Richard Burton, and it is of Burton that any audience will be quickly reminded. Here is the former stage idol – who has spent too much of his time wasting his talent on screen, women and whisky – having a bash at King Lear before his stage reputation becomes only a memory. He is doing it not in the mainstream, but off-off Broadway.

The key question is whether the Burton figure, here called Robert and played by John Stride, will pull it off or even appear at all. Since the play contains a considerable measure of suspense, I shall not reveal the answer.

Suffice it to say that there *are lots of traps along the way,* including a neurotic first wife who turns up unexpectedly, the daughter by his first marriage who is on drugs, and his estranged second wife who emerges as his agent with an offer for him to return to Hollywood – provided he does not risk flopping as Lear.

Far and away the best scene in the play is a late-night television interview, in which the TV hostess, Jackie, is given as good as she gets in trying to exploit Robert's weaknesses. Jackie is wonderfully played by Kate O'Mara.

That is at the end of the first act. Nothing in the rest of the play quite lives up to it. There is a structural failing in that *while Act 1 is a unity, played* throughout in a New York hotel suite which the television crew invades, Act 2 dots about too much, changing location some half a dozen times in manner more suited to the screen than to the stage. However, that the element of suspense is never wholly lost.

One of the nicest inventions in the play is a character called Alec, a friend of Robert, and in some ways the equivalent of Lear's Fool. He calls Robert *Nuncle and is a bit of a conju*ror, but is perhaps more of a nurse. Sometimes he succeeds in keeping his hero off the bottle, and as played by Richard Warwick, this is a very gentle, admirable performance.

Stride's Robert could be a bit wilder. He looks as if he might fall, but never as if he might go really mad. Perhaps it is fear of the Chichester audience that is responsible for such restraint. He should wind up a bit more in future. Direction is by Patrick Garland, *the artistic direc*tor of the theatre.

The Home Counties should flock to it. It is just the sort of piece that people like to talk about afterwards – controversial without really upsetting *anyone*.

In repertory at the Chichester Festival Theatre, box office (0243) 781312

Music and funding in Zürich

Andrew Clark on the city's June Festival

While most cities have taken Rossini, Columbus or *other open-ended* themes as the starting point for their 1992 festivals, Zürich belatedly chose Brazil – effectively ruling out any useful contribution from its music institutions.

Just as other European cities are latching on to the festival concept as a form of international marketing, Zürich wants to stop subsidising its annual June Festival. Whereas most arts companies thrive on strong leadership, Switzerland's biggest city seems unable or unwilling to attract suitable candidates.

Here is a city with a high international profile in banking and commerce, with a cultural tradition at Europe's crossroads, with a beautiful lakeside setting and the raw materials – in quality of buildings, repertoire, audiences and musicians – to match most rivals. Yet its musical potential remains largely untapped: Zürich lacks a dynamic or distinctive profile.

The June Festival (running from late May to early July) has become a dead duck. This year's Brazil theme may have thrown up one or two surprises, but it suffered from short-term planning and offered no scope to the Zürich Opera House. When the Tonhalle Orchestra tried to venture beyond the music of Villa-Lobos, it found itself footing a SFr25,000 bill for a special Brazilian concert which sold only 200 tickets. As in previous years, the major companies were left to market their festival wares independently. The cash-strapped city government has now announced plans to cancel its SFr700,000 subsidy after 1994.

All this is in marked contrast to other Swiss cities with less impressive resources. Basle, with a tradition based on the work of Felix Weingartner and Paul Sacher, boasts an outgoing contemporary music programme and has just appointed Walter Weller as music director of both opera and concerts.

The Geneva-based Orchestre de la Suisse Romande may not match the quality of the Tonhalle but, unlike its Zürich counterpart, it tours and records regularly, and has a respected chief conductor in Armin Jordan. This summer's open-air concert series in Geneva – promoted by the city government and entitled "Dialogue between Europe and Latin America" – has just the kind of broad scope that the Zürich festival lacked.

Despite the economic squeeze, Zürich's problem is not lack of money. The main arts companies continue to receive two-thirds of their budgets from the city and cantonal governments, and audience figures have not been affected by higher seat prices. *Nor is there a lack of ideas: the* 1991-2 season had some good concert programmes, and the city's orchestras occasionally excel themselves.

No, the real problem is the dearth of strong artistic personalities. There has never been a driving force behind the June Festival such as one finds at Lucerne, Edinburgh or Salzburg, because it is treated as little more than an administrative function of the Zürich city government.

Likewise the Tonhalle, which has a near-monopoly on concert life: artistic decisions are made through a series of slow-moving committees (as if Switzerland's democratic principles had ever been conducive to art). Since Rudolf Kempe in the mid-1970s, the orchestra has had a string of weak music directors, and the post is now vacant.

The organisation lacks vision, spark and flexibility. The musicians have no incentive to do more than turn up for their weekly subscription concerts. There is little pressure for change. Zürich seems to like it that way, which is why – beneath the sophisticated exterior – it remains a provincial city in the heart of Europe.

But the potential is there. Just what can happen when a dynamic personality arrives has been demonstrated at the Opera House these past 12 months. Alexander Pereira, the company's young Vienna-born director, has persuaded a nucleus of world-class singers to devote a substantial amount of their working time to Zürich, for smaller fees than they receive elsewhere. He is nurturing talented representatives of the younger generation and building performances around a small stable of conductors of the calibre of Santi, Harnoncourt and Inbal. He has found SFr3m from banks and other sponsors.

The repertoire has been an attractive mix of the modern, the exotic and the popular. Next season opens with Bellini's *Il pirata* with Mara Zampieri, followed by Massenet's *Herodiade* with Carreras and Bumbry and a Jonathan Miller staging of Schreker's *Die Gezeichneten* (to coincide with a Klimt exhibition at the Kunsthaus). True, the past season's new productions – including Ligeti's *Le Grand Macabre* – offered few interpretative insights. But the Zürich public has responded enthusiastically, and there's a buzz about the house that has been lacking since the early 1980s.

It was bad luck that the end-of-season production of *Capriccio* did not show the Opera House at its best. Strauss's *Konversationsstück* is a work that should thrive on the company's ensemble policy and the intimate, traditional atmosphere of its theatre. But Cesare Lievi's production, designed by Paul Lerchbaumer and Luigi Perego, treated the work like an anti-opera.

The characters and entertainments of Countess Madeleine's chateau were transposed to a semi-abstract theatre setting of our own day – on the premiss, perhaps, that the opera's aesthetic arguments deserve closer attention than its music or visual trappings. The stiff, doll-like costumes and a few select props paid lip-service to the 1770s period intended by Strauss, but otherwise the performance unfolded in an atmosphere of extreme artificiality, with little sense of context or style.

The music fared better, thanks to an orchestra on top form and to the conductor, Ralf Weikert, whose fluent tempi and sense of instrumental balance showed exemplary understanding of the meanderings of late Strauss. Gabriele Lechner's Countess was ample and feminine, with *enough whimsical dignity, vocal ele*gance and stage presence to carry off the final scene.

Cornelia Kallisch, another young artist promoted by Pereira, made a courageous stab at Clairon, but missed the diva-like *hauteur* of the glamorous actress. Roland Hermann's gauche, melodramatic Count was totally misjudged. Douglas Ahlstedt's tight-voiced Flamand and Olaf Bär's disappointingly pallid Olivier were lacklustre suitors.

The Countess would have been better turning to Robert Holl's La Roche, a sturdy man-of-the-world who used his rich timbre and wide expressive range to create a genuine character.

Alastair Muir

John Stride and Maria Miles

INTERNATIONAL ARTS GUIDE

This year's Salzburg Festival is the first under the complete control of Gerard Mortier and his Viennese colleague Hans Landesmann. It places greater emphasis than before on spoken theatre – thanks largely to the engagement of Peter Stein, who will direct Shakespeare's Julius Caesar (July 26 to Aug 5 in the Felsenreitschule). The other main drama production is a play by Stanislav Wyspianski (1869-1907) directed by Andrzej Wajda. Helmut Lohner is this year's Jedermann.

The opera programme ranges from the safe and familiar – Michael Hampe's production of Le nozze di Figaro, conducted by Bernard Haitink (five performances from Aug 14 in the Grosses Festspielhaus) – to the kind of repertoire many Salzburg habitués have scarcely heard of, such as Janacek's From the House of the Dead, *conducted by Claudio Abbado* (four performances from July 30 in the Grosses Festspielhaus).

Several productions feature artists closely associated with Mortier's Brussels successes: Karl-Ernst and Ursel Herrmann direct a new staging of La clemenza di Tito, conducted by Riccardo Muti (five performances from July 27 in the Kleines Festspielhaus); Sylvain Cambreling conducts La finta giardiniera, with Anne Sofie von Otter as Ramiro (six performances from Aug 18 in the Landestheater); Luc Bondy directs a new production of Salome, conducted by Christoph von Dohnanyi with Catherine Malfitano in the title role (four performances from Aug 20 in the Kleines Festspielhaus); Peter Sellars directs Messiaen's Saint Françoise d'Assise - probably Mortier's biggest risk of all (four performances from Aug 17 in the Felsenreitschule, with José van Dam in the title role, and the Los Angeles Philharmonic conducted by Esa-Pekka Salonen). The other Strauss production is Die Frau ohne Schatten, in the staging first seen at this year's Easter festival.

The concert programme shows a similar attempt to liven up the festival's image. *Pierre Boulez* and the Ensemble InterContemporain give four concerts of 20th century classics (Aug 15-19); Boulez also conducts the Vienna Philharmonic in the closing *concert (Aug 30); Christoph von* Dohnanyi and the Cleveland Orchestra offer works by Varèse, Herbert Willi and Brecht/Weill (July 29/30); Simon Rattle and the CBSO bring Turnage's Three Screaming Popes (Aug 1). Other guest orchestras include the Leningrad Philharmonic with Temirkanov and Jansons, and the Chamber Orchestra of Europe with Harnoncourt (tel 662-846682).

EXHIBITIONS GUIDE

AMSTERDAM

Stedelijk Museum The Great Utopia: the Russian Avant-Garde 1915-1932. Among the many works never before seen in the West are Tatlin's Corner Counter relief, one of only two fully authenticated and intact Tatlin reliefs in Russian public collections, plus a first showing of works by Olga Rozanova. Ends Aug 31. Daily

Van Gogh Museum Prints by 19th century Japanese artist Yoshitoshi. Ends June 28. Masters from the Mesdag *Collection*: 60 works from the Hague and Barbizon schools. Ends Aug 19. Daily

Historical Museum Distant worlds made tangible: Dutch collections 1585-1735. An exhibition of carved shells, *stuffed animals, gems, stones,* plants and prints, shedding light on the passion for collecting stimulated by the growth of Dutch trade and the auction business. Ends Oct 11

BARCELONA

Museu Picasso Alexej Jawlensky (1864-1941): 119 works by the Russian-born artist who settled in Germany and developed close ties with the Blaue Reiter. Ends Sep 27. Closed Mon

Fundacio Joan Miró Moving Image – Electronic Art: 30 works, including large-scale installations representing the latest developments in art media. Ends Sep 6. Closed Mon

Fundacio la Caixa Sports in Ancient Greece: customs, rituals and philosophy of sport in ancient Greek culture. Ends Aug 9

Pia Almoina Medieval Catalonia: an absorbing exhibition divided between three different locations in the old part of the city. Ends Aug 9

BORGO SAN SEPULCRO

Casa di Piero In the light of Piero: painting in central Italy in the age of Piero della Francesca. An exhibition marking the fifth centenary of the painter's death, with work by contemporaries from Luca Signorelli to Perugino. Ends Oct 31

FLORENCE

Uffizi Florentine drawing at the time of Lorenzo the Magnificent, including works by Filippo Lippi, Leonardo, Michelangelo, Botticelli and other Renaissance artists. Ends July 26

FORT WORTH

Kimbell Art Museum The Love of the Gods: from Watteau to David. 70 works from the school of 18th century painting, in which mythological themes offer a pretext for glorifying feminine nudity. Also Bartolomeo: more than 100 sheets from the peerless Rotterdam collection of the Italian master's work. Ends Aug 2

FRANKFURT

Schirn Kunsthalle Munch in France: the interaction between Munch and French art resulting from his visits to Paris between 1895 and 1908. Ends Aug 9. Daily

INNSBRUCK

Schloss Ambras Hispania and Austria: the culture of the Hapsburgs, the patronage of their Catholic kings and the nobility and clergy of Spain and Austria, is examined in this exhibition of 200 items, some never shown before. Ends Sep 20

KASSEL

Fridericianum Documenta 9: various venues provide the five-yearly survey of the great and not-so-great in contemporary art. Ends Sep 20. Daily

MADRID

Prado Ribera: a retrospective devoted to one of the great painters of Spain's Golden Age, *commemorating the 400th* anniversary of his birth. This exhibition, comprising about 150 autograph works and centred on the five-metre high Immaculate Conception, is a smaller and more concentrated *version of the one shown earlier* this year in Naples. Ends Aug 16

Centro de Arte Reina Sofia Pop Art: a survey of the 1950s and 1960s movement popularised by Andy Warhol. Ends Sep 13. Also Peter Halley. Ends Aug 16. Closed Tues

MARTIGNY

Fondation Pierre Gianadda Georges Braque: 70 oils, lithographs, engravings, collages and statues, tracing the artist's progress from classicism to fauvism and the historic cubist adventure with Picasso. Ends Oct 25. Daily

NANCY

Musée des Beaux-Arts Art in Lorraine at the time of Jacques Callot: a celebration of the 400th anniversary of the birth of the great etcher from Nancy. Ends Sep 15. Closed Tues

NEW YORK

Guggenheim Museum The Guggenheim and the art of this century: 250 works giving a chronological overview of modern European and American art. The exhibition marks the *reopening of the museum after* a two-year programme of restoration and expansion. The SoHo annexe unites modern masters with contemporary artists, under the title From Brancusi to Bourgeois. The main *museum is closed on Thurs*, SoHo on Tues. Ends Aug 27

Metropolitan Museum of Art The Art of Islamic Spain: the first comprehensive exhibition on the subject, demonstrating the spectacular power of Iberian *Islamic arts from the 8th to the* 15th centuries. Ends Sep 27. Closed Mon

PARIS

Centre Georges Pompidou Manifeste: 7000 square metres given over to a multi-faceted exhibition covering the past 30 years of creativity in visual arts, video, cinema, architecture and design. Closed Tues

Parc de Bagatelle Henry Moore: 27 large bronze sculptures in the kind of open-air landscape for which they were intended. Ends Oct 4 (Bois de Bologne)

Galerie Didier Imbert Henry Moore Intime: 500 works which formed the artist's home environment. Ends July 24. Closed Sun (19 ave Matignon)

Musée D'Orsay Guimard (1867-1942), art nouveau designer. Ends July 26. Closed Mon

PHILADELPHIA

Museum of Art Picasso and Things: the still-lifes of Picasso, comprising nearly 150 paintings, constructions, sculptures, collages and other works on paper. Ends Aug 23

ROME

Trajan's Markets Anthony Caro: 38 large-scale works from all stages of the British sculptor's career, displayed in the remarkable context of Imperial Roman architecture. Ends *Aug 20*

URBINO

Palazzo Ducale Piero and Urbino, Piero and the Renaissance courts: a study of Piero della Francesca's commissions for Federico da *Montefeltro at Urbino, the* Malatesta court at Rimini and others. Ends Oct 31

VEVEY

Musée Jenisch Kokoschka: drawings dating from the artist's refuge in the Scottish countryside in the 1940s. Ends Sep 27

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL
Tel: 071-873 3000 Telex: 922186 Fax: 071-407 5700

Friday July 10 1992

No squibs from SIB

THE SECURITIES and Investments Board (SIB) yesterday confirmed what no one had previously doubted: there were serious deficiencies in the behaviour of the investment watchdog, Imro, in relation to the fund management companies in the late Robert Maxwell's business empire. SIB made the equally incontrovertible statement that the massive fraud perpetrated on the Maxwell pensioners reflected badly on the British corporate and financial system as a whole. The question is whether its moderate proposals for piecemeal reform amount to a credible response to the scandal.

SIB's ultimate sanction under the 1986 Financial Services Act is to withdraw recognition of self-regulatory organisations. That is a draconian response which it has preferred to eschew. Instead it has opted for a clean-out at the top of Imro, proposals to strengthen Imro's organisations and procedures, and a review of this and that. These reviews will include one of its own procedures, in the light of SIB's failure to detect a shortfall in standards at Imro. Such a lapse had been predicted by countless observers long before the Financial Services Act originally came into force.

SIB's new chairman, Mr Andrew Large, has also decided that a greater and more effective level of practitioner experience in the regulatory system is now called for. This seems an odd rejoinder to deficiencies at Imro, given that the two men departing the Imro camp – to their credit the only two to have accepted any real blame for the affair so far – were respectively a former leading light of the stock exchange and the former manager of one of Britain's largest pension funds.

What has been missing at Imro, and in other self-regulatory organisations, is not practitioner input but the sense of mission and sceptical inquiry that pervades bodies like the Securities and Exchange Commission in the United States. The absence of those qualities is rightly emphasised in the limited parts of Imro's own report on its performance that SIB's legal advisers have let it publish.

To be fair to Mr Large, there are limits to what he can do about the inadequacies of pension fund regulation under his existing remit. The more important contribution on the nature and scope of future reform will have to come from Professor Roy Goode's committee and, ultimately, the government.

Social services secretary Mr Peter Lilley's minimalist response to the Maxwell pensioners' plight inspires little confidence on that score. Nor did yesterday's performance in the Commons by Mr Norman Lamont, in which he denied, in effect, that earlier warnings about the inadequacies of trust law were relevant to the Maxwell case. Passing the buck is still the name of the game and it is not an edifying spectacle. The questions raised by the Maxwell saga about the effectiveness of the regulatory structure deserve better answers than they have received so far. A greater readiness to accept responsibility is also overdue.

Le franc fort

THE FUTURE of Europe, or at least of European union *à la* Maastricht, lies in the hands of the French. A yes vote in the September referendum is a necessary, though not quite sufficient, condition for the treaty to survive. But the immediate stability of Europe's exchange rate mechanism also lies in French hands.

No country has dedicated itself to the cause of European monetary union as devotedly as France; and none with such success. France is the only EC country, other than Luxembourg, that satisfies all the convergence criteria in the Maastricht treaty. With an inflation rate below that of Germany, France carries, at least for now, the disinflationary standard to which lesser states aspire.

This achievement has not come cheaply. The French policy of competitive disinflation has demanded almost a decade of modest growth and high unemployment. But the government has compounded the pain. Too much of the French unemployment problem, particularly among young people, arises from deleterious government regulations and persists despite apparently well-targeted labour market spending.

Whether France's disinflationary policies should be judged an entire success remains in doubt. The Organisation for Economic Co-operation and Development, in its latest report on the French economy, points to large gains in export competitiveness over the past few years as evidence that disinflation has worked. "It would be inappropriate," it argues, "to abandon the policy of competitive disinflation when it is clearly bearing fruit."

Nevertheless, the trade account remains in deficit; and the markets are still not persuaded that France can sustain a lower inflation rate than Germany. The suspicion remains that deflationary policies are necessary to maintain both a low inflation rate and a manageable trade deficit. Meanwhile, the discontent of sections of French society has already been made apparent, both in the streets and at the ballot box.

France may not yet have established its credentials as a permanently low-inflation country. But it has come far enough and sacrificed so much that to give up now by realigning the franc against the D-Mark would be foolish. Other member currencies cannot expect French assistance if they wish to ease the ERM strain.

If Maastricht were to fail, however, the ERM would become a less secure guarantor of low French inflation. French policymakers should take steps to insure against this outcome, steps that they would have to take, in any case, if Emu were to go ahead.

If France wants to keep a German inflation rate, why not put in place a central bank *à la* Bundesbank sooner rather than later? Such an independent Banque de France could manage the franc, independent of shifts in European or French politics. The master is a bit weaker, but by now the apprentice has learned the trade.

Power prices

THE FIRST full-year results from the electricity industry have done little to dispel the view that it was privatised not only with the wrong structure but on the wrong terms – at least from the point of view of the consumer. Profits are so buoyant that many regional power distributors have been able to produce real dividend increases of 10 per cent, so contributing to the severity of the recession. Two of them have been so embarrassed that they decided to hand part of their profits back to customers.

One year is a short time in which to judge a complex business that still has a lot of shaking down to do. Part of the profit surge came from a price catch-up to which the electricity companies were entitled under their complex pricing formula. Professor Stephen Littlechild, director general of Offer, the industry regulator, has promised to leave the formula alone until 1994-95, because he believes that the electricity companies need that degree of certainty to increase their efficiency.

This view has merits. But if it is already clear that the terms on which the industry was privatised were more than just marginally too generous, it also has serious flaws. One is that the price formula ensures that benefits earned by the electricity companies through cost reductions flow to the shareholders, rather than customers. Once the economy recovers, that generous starting point is likely to ensure that profits will remain inordinate even if electricity prices rise at less than the rate of inflation. Another flaw is that should present trends continue the adjustment which is bound to follow the 1995 pricing review will be so large that the industry will have to go through another disruptive upheaval.

There are, admittedly, still big uncertainties in the market, above all the renegotiation with the generators of supply contracts for coal prior to the privatisation of British Coal. These contracts, which should be concluded by the end of the summer, could have a big impact on electricity prices.

Professor Littlechild has, however, already begun to squeeze other links in the electricity supply chain. He has warned the generators that they might face a monopoly inquiry if they engage in predatory pricing. He has also just imposed a tough new price formula on the National Grid Company, which has a monopoly on the grid. Both moves were intended to address complaints from wholesale users of electricity, such as ICI, about fast-rising electricity prices.

Once the new coal contracts are concluded, it would make sense for the regulator to follow the process through by imposing pressure on the regional distributors as well, by reconsidering both the price formulae and the threshold for outside direct supply to their customers. These are risk-free utilities. Customers should not suffer because the initial formulae were too generous to shareholders. Voluntary hand-outs are not a substitute.

Fight for the consumer's ear

The two different formats seeking to replace tape recorders are in fierce competition, writes **Michiyo Nakamoto**

World shipments of recorded music albums

million units	Vinyl	Cassettes	Compact discs
1983	536	480	4.9
1986	390	608	131
1989	210	780	599
*1991	86	638	899

*Estimate

Source: IFPI/BIS

The world's biggest consumer electronics companies are bracing for battle. The prize is the lucrative market for the next generation of portable music players. For the protagonists, Sony on the one side, Philips and Matsushita on the other, victory could determine whether they consolidate, or slip from, their positions at the top of the industry during the 1990s.

The mega-contest centres on mini-products: Sony's MiniDisc, and the Digital Compact Cassette which has been co-developed by Philips and Matsushita. The MiniDisc, a small recordable disc, will be launched by the end of this year. The digital compact cassette will reach the high street sooner – by the end of September – thus gaining an important head start over its rival.

In both cases, the new products are aimed at replacing the traditional tape recorder and tape cassettes, for decades the dominant portable music system, but now facing decline. Sales of prerecorded cassette tapes, which peaked in 1989 at about 780m units, last year amounted to just 638m units. Industry analysts expect a further decline this year.

Consumer electronics companies believe that the market for portable audio equipment – "ghetto blaster" tape recorders, Walkmans, car stereos and other portable audio equipment – is also at risk. They fear that the market, which is worth nearly $10bn in the leading industrialised countries alone, according to BIS Strategic Decisions, the high-technology consultancy group, will follow the downward path of cassette tapes.

Industry executives draw a parallel with the LP, which started to decline in sales from about 1978, even before CDs were introduced by Sony and Philips in 1982. "The LP had become old-fashioned," says Mr Gerry Wirtz, senior product manager at Philips in charge of DCC.

Sony is particularly worried that the declining popularity of cassettes threatens sales of the Walkman, the portable cassette tape recorder which has revolutionised music-listening habits since its introduction in late 1979.

"The Walkman is 13 years old and 100m units have been shipped already," says Mr Norio Ohga, president of Sony. "We must think seriously of replacing the Walkman."

While Philips executives agree with Mr Ohga that the days of traditional tapes and tape recorders are numbered, the two companies have a different explanation about why they are declining how to replace them.

Philips is firmly committed to the tape format for portable audio. It claims its studies show that people who like to carry their music around with them prefer to do so on tapes, rather than discs. CDs are perceived as vulnerable to physical shocks and therefore not an appropriate medium for portable equipment, says Mr Wirtz.

The Dutch group believes that the main reason why consumers have lost interest in cassettes is because they do not provide the crisp, clear sound of digital CDs. It also assumes that, while consumers want something better than cassette tapes, they will not be willing to throw away the tape collections they have accumulated over the years. As a result, DCC players have been designed to play the old analogue cassettes as well as the new digital ones.

Sony takes a very different view of the development of the portable audio electronics market. It sees the declining interest in cassette tapes largely as the result of consumers' disenchantment with tapes as a medium.

"Tape is a 30-year-old format," says Mr Eric Kingdon, technical managing director of Sony UK. "Putting the word 'digital' in front of tapes is not going to stir a market that is losing momentum."

Consumers, according to Sony, want digital sound, but they also want random access – the ability to find the beginning of a certain track without having to wind a tape forwards or backwards. Discs can provide this feature, cassettes cannot.

"The main reason why cassettes have fallen in sales is because they lack this feature," says Mr Ohga. "DCC is not the right medium to address the demands of consumers."

Sony says that it is not particularly concerned by the fact that consumers will have to throw away their old cassettes, or continue to use two formats if they switch to MiniDisc. The company points out that CD players could not play vinyl discs, and that did not prevent them from replacing record players. Similarly, the 8mm video format is not compatible with VCRs but it is still the dominant camcorder system.

As with CDs and video cameras, the problem facing Sony and Philips is that there is likely to be only one winner in the battle between the MiniDisc and DCC. Few in the industry believe the market is big enough to sustain two competing formats. "I don't think co-existence is possible," Mr Ohga states unequivocally.

For both companies, the stakes are raised even higher by the business difficulties they currently face. Philips is in the middle of a group-wide restructuring programme aimed at slimming operations and raising efficiency and profitability. While the Dutch group did return to profit in 1991, it has continued to suffer from weak consumer demand. Last month it warned that a deepening crisis in the consumer electronics market could reduce profits for the full year below last year's figure. Shares fell by almost 20 per cent on the day of the announcement.

Sony is also facing problems. Last year, operating profits from its worldwide consumer electronics business fell sharply to Y113bn (£481m) from Y249bn. The parent company in Japan suffered its first operating loss since 1958, falling Y20.5bn into the red, compared with a profit of Y72.2bn in 1990.

It has also suffered the humiliation of seeing Betacam, its VCR format, driven out of the world's main markets by the VHS system developed by JVC, a Japanese manufacturer of audio-visual products. Sony's Digital Audio Tape, a pioneering digital tape format, has also proved a commercial failure.

Both companies are therefore in pressing need of a new hit product. The introduction of a successful heir to the cassette tape recorder presents the perfect opportunity to achieve their objectives of boosting income and establishing control in a new product area.

In terms of technology the two systems are fairly well matched. Both produce high-quality, digitally recorded sound, and while Philips' DCC will be able to play old analogue cassettes it will not record on them. Nor will the new tapes be playable on conventional tape machines. Similarly, while the MiniDisc player offers random access it will not play any other format and MiniDiscs themselves cannot be played on CD players.

The deciding factors in the contest are therefore expected to be the extent to which Philips and Sony succeed in signing up software suppliers – in particular the large record labels – and in licensing their technologies to hardware manufacturers.

As demonstrated in the 1980s by the competition between the two rival video systems – VHS and Betamax – the success of a new format depends crucially on how much software is available to be played on it. Licensing technology to a wide range of hardware manufacturers is also vital to ensure that a format becomes the dominant system in a particular market.

In both respects, Philips appears to have a slight edge. It has put together an impressive marketing and publicity machine through which it has managed to convince the big hardware manufacturers, many of which are Japanese, to license its technology and bring their own DCC machines to the market. Matsushita, a co-licensor of the DCC technology, has already announced plans to bring out its players by Christmas.

Philips has also won agreements from leading record producers, including even Sony Music, to bring out hit songs on DCC. Artists whose music will be available on DCC include Bryan Adams, U2, Elton John and the Fine Young Cannibals.

What is keeping many record companies from signing up for MiniDisc is their fear that it is likely to prove more damaging than digital cassettes to sales of CDs. Their argument is that if consumers like MiniDiscs, they may replace their CD collections with the smaller discs. On the other hand, they believe, the DCC tapes are sufficiently different from CDs to form a separate market.

Mindful of protecting the CD market, which has seen worldwide sales rise steadily to 900m units last year from about 738m units in 1990, many record companies are therefore leaning towards the Philips format.

As a result, Sony is looking somewhat lonely with its list of supporters. The main record companies such as Time Warner and Poly-Gram, which is 80 per cent owned by Philips, are conspicuously absent.

Unless Sony can win over the record companies in time for the launch of MiniDisc, it will be facing a formidable opponent in the marketplace with little more ammunition than a conviction that the consumer will fall for its vision of the portable market. The Japanese company's convictions have often proved right in the past; the Walkman and the Handycam video camera are the most noteable examples. But winning the consumer over in the current fray is likely to be more difficult.

One reason, in addition to the strong competition from Philips, is the confusion faced by potential buyers. People who replace their cassette tape players will not know for several years how long their chosen format will survive. Those who choose wrongly may have to invest in another system within a couple of years.

Both Philips and Sony claim that they have done their best to achieve a smooth transition to thereplacement for cassette tapes. Each side blames the other for rocking the boat and for failing to collaborate on technologies to replace the tape machine. But neither has been willing to bend its position to avoid burdening consumers with the uncertainty of competing formats.

Ironically, the consumer may well think it best to sit tight until a victor emerges from the fray. If that happens, the battle to replace the humble tape recorder may in fact extend its lease of life.

Joe Rogaly

How blues help greens

The environment was not an issue in the last British general election. The Conservatives believe that it may be one in the next. It depends on the economic cycle. When people feel affluent or comfortable they attend to the purity of the air and the cleanliness of water. When there is a downturn voters worry about jobs, prices and taxes. That is what is happening in the US. The economy is flat. The greens are in retreat. When the recession is over they will be back in force, on both sides of the Atlantic.

There is a perverse logic here. You could argue that the British government is proving this very day that it is a true friend of the earth. It has produced a long, debilitating recession. This is wonderful for the environment, if not for those who campaign on green issues. Fewer cars are sold. Less electricity is consumed. Less coal is burned. Houses remain unbuilt. The rate of emission of greenhouse gases is thus depressed. Even better, the government has no strategy for bringing the recession to an end. Mr Norman Lamont is to be congratulated. As chancellor, he has consistently fended off the resurgence that the Treasury consistently forecasts. He may go down in history as the greenest chancellor of them all.

Mr Michael Howard is basing his political strategy on a more orthodox set of assumptions. The environment secretary believes that the next election will be fought during a boom. Mr John Major, the prime minister, concurs. That is why the pair of them made such an effort to establish their green credentials at the recent Rio earth summit. The government's aim is to capture what it calls the moral high ground, by which is meant that it proposes to stay one jump ahead of Labour.

Mr Howard knows how he will go about it. He has read the aspirational report – "This Common Inheritance" – produced by Mr Christopher Patten in 1990 and the progress report produced by Mr Michael Heseltine last year. Neither added up to a row of beans. What we greens demand is action. There is promise of action, of a sort, in what the government likes to call Mr Major's eight-point plan for following up on Rio, as adopted by the European Community. Conventions will be ratified. National plans will be published. Leads will be taken. There is some money in there, but most of it reads like film-flam to me. Nevertheless, Mr Howard will peddle the plan during the British presidency of the EC. His sales patter may be marred by his proclamation, spoken out of the other side of his mouth, that EC environmental laws should be dismantled in the name of subsidiarity.

The economy is flat. The greens are in retreat. When the recession is over they will be back in force

Mr Howard does not, however, rely solely on Mr Major's eight points. His pursuit of competitive advantage over a revitalised Labour party of the future will be more soundly based than that. He knows that there must be government action. But what? He accepts that some substances, such as chlorflourocarbons, have to be prohibited. Regulation is also unavoidable. His preferred method of protecting the environment is the use of economic instruments. The lower tax on lead-free petrol, which has worked a treat, is one example. The use of tradeable permits, is another. Mr Howard hopes to visit the US soon to see if marketable documents permitting a certain quantity of pollution actually reduce it.

Such musings might ordinarily be ascribed to the dizzying effect on any politician of discovering that he is, for the first time, head of a really large department. Other environment secretaries have espoused economic instruments; Mr Nicholas Ridley was temperamentally in favour of them. Lead-free petrol apart, they got nowhere. But Mr Howard may benefit from fortunate timing. If the Conservatives are to reduce direct taxation before the next election they will doubtless have to increase indirect taxes to pay for it. They may even have to raise indirect taxation merely to keep the government in business next year. What better than an EC-inspired carbon tax, offset by reduced corporation tax, or an extension of road use charges, offset, perhaps, by a reduction in income tax? Such a happy blending of economic and political instruments could prove irresistible.

The fly in the ointment is the nature of Mr Howard's department. It is a great mess of distractions. The new minister has said that it must move away from its present building in Westminster, probably to London's Docklands. This has unsettled all its staff; many of them can hardly think about anything else. Mr Howard's own immediate preoccupation is the settling-in of the new council tax, which replaces the poll tax. A few years back all his considerable skills of advocacy were used to argue that the latter tax was flawless in conception, immaculate in practice, and a thing of beauty for any philosopher to behold. *No* tax could match it. It was the pinnacle of human ingenuity. Now he has to sweep up its leavings. At least *that* will leave the political environment better than Mr Howard found it.

Despite a faltering start, the government has done well to resolve the truckers' dispute, says **Ian Davidson**

France breaks through political roadblock

After 10 days of chaos and confrontation, the French government has pretty well brought an end to the nationwide truckers' protest, through a shrewd orchestration of heavy police power and astute negotiation. But it has been a gruelling ordeal for all concerned, and it is still not clear whether the government's public standing will have suffered lasting damage from the crisis.

Conservative commentators have argued that the government displayed incompetence and mismanagement; they may have a point. The new driving licence regulations, which were the ostensible cause of the truckers' protest, became law three years ago, were due to come into effect at the beginning of this year, and were then postponed to July 1.

By any reckoning the start of the holiday season must have been the worst possible moment to enforce an unpopular innovation of this kind. Yet the government appears to have been taken by surprise by the scale of the truckers' protest.


Bianco (inset): tackled truckers' competition complaints

At that stage the main count against the government was that it was simply out of touch with the national grass roots, and in particular out of touch with the attitudes of the lorry drivers. The truckers object to the new points system for driving licences, under which drivers can lose points for traffic offences, because they claim that their high mileages make them specially vulnerable. The government was obviously unaware that these objections were about to explode in a nationwide conflict.

Some French commentators have argued that the government's apparent insouciance on this occasion was in fact only a particular confirmation of a general rule: that the political elite in Paris is cocooned from the rest of France, and that the centralised government machine is far removed from the real world. Even if this general rule is not in fact valid, it is widely believed: survey after survey has shown that many French voters feel that their governments and their political leaders are remote from everyday life, and indeed are indifferent to the concerns of ordinary people.

This grassroots critique of politicians is directed against all parts of the political spectrum, regardless of ideology. Yet it is obviously focused most immediately on the party in office, and after 11 years of a Socialist presidency, the charge may stick. What is not really in doubt is that under the Fifth Republic power in the French political system has increasingly become drawn towards the office of the presidency, with unfortunate consequences for the political system: successive governments have become increasingly dependent on presidential approval while parliament seems marginal.

In the truckers' dispute, however, the government recovered from a poor start and finished well. All last week it was fumbling for a strategy, but getting nowhere. Prime Minister Pierre Bérégovoy promised that the "black boxes" in lorry cabs would not be used for retrospective evidence of speeding offences, but insisted there could be no going back from the new licence system; the Ministry of the Interior veered between half-hearted threats to withdraw the licences of striking drivers, and ineffectual attempts to start negotiations on the operation of the new system.

The government wonders whether this dispute will tilt the balance against the referendum

By Monday, however, the government had finally gripped the central fact, that the new licence was not the real cause of the conflict, but only the last straw for a workforce suffering from the pressures of cut-throat competition.

In 1986 the then Conservative government freed the road transport industry from price and licensing restrictions. Deregulation attracted an inflow of new entrepreneurs, many of them very small; the number of trucking outfits rose from 24,000 in 1983 to 33,000 in 1989.

At first there was enough business to go round, and road transport's share of total goods transport in France rose from 47 per cent in 1970 to 70 per cent in 1990. But already in 1989 the economy started to turn down, forcing an inexorable cycle of price cutting: the large transport companies forced price cuts on the small sub-contractors, to the point where some say that a quarter of self-employed small truckers may be operating unprofitably. In turn the sub-contractors have forced wage cuts or longer working hours on the drivers.

As a result, working practices are often unsafe. Out of 340,000 trucks checked on the roads last year, one-tenth were found to be in breach of laws on working conditions, notably hours worked and rest periods.

This is where the new driving licence regulations come in. Even the drivers complain that competitive pressures commit them to journey times which require them systematically to break the speed limits. At the last count, trucks accounted for 7 per cent of total vehicle-kilometres in France; but they were involved in nearly 15 per cent of the fatal accidents.

On Monday and Tuesday, in two successive all-night negotiating sessions with the employers' unions, Mr Jean-Louis Bianco, the transport minister, rammed through a double package designed to mitigate the effects of cut-throat competition. There will be new safeguards to protect drivers from exploitation by the sub-contractors; more important, perhaps, there will also be measures to prevent main transporters from imposing sub-contracts which manifestly cannot cover costs.

No one can be sure that the new deals will do the trick; they certainly do not solve the central problem of over-capacity in the trucking industry. But by yesterday virtually all the truckers' roadblocks had been cleared, and traffic was again flowing freely on the French roads. Considering that the drivers are virtually un-unionised, semi-anarchic and without recognised leaders, the government has done well to defuse the dispute relatively quickly, and with much less police violence than became familiar in some British labour conflicts such as the coalminers' strike of 1984-85.

Naturally, the government does not expect any applause; but there is still one question which worries it: will this dispute tilt the balance against the Maastricht referendum on September 20? There is no reason to conclude that it is evidence of a general upsurge of popular discontent with the government. President François Mitterrand remains deeply unpopular, but Mr Bérégovoy is much more popular than his predecessor, Mrs Edith Cresson.

Nevertheless, the Maastricht treaty will be strongly contested by an ill-assorted alliance of nationalists led by traditional Gaullists. Aware of this challenge the government has done its best to clear the decks of all other contentious issues. Two weeks ago it postponed until the autumn a controversial bill on the control of medical spending. Nevertheless, there is some danger that the trucking dispute, like the rolling waves of farmers' protests, will be blamed not just on the government, but also on the economic liberalism associated with the European Community.

For the moment, it does not look as though the referendum is in danger. The two most recent opinion surveys show a clear majority in favour, though the margin is narrower than in some previous polls; and these polls were both taken on July 3-4, when the truckers' dispute was already in full swing. In any case, for most Frenchmen, the holidays are still ahead, and may bring forgetfulness.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL
Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Debt relief for Russia would be unwise

From Mr Horst Schulmann.

Sir, Your editorial, "Russia's place at the table" (July 8), is ill judged, in particular the low priority you extend to meeting international financial obligations. Considerable damage has already been done to Russia's creditworthiness as a result of the interruption in payments since the turn of the year. Western governments will have to ask themselves what debt relief might do to the prospects for future private capital flows to Russia.

As is well known, private investors tend to have long memories. Following the repudiation of the Tsarist debt, it took the former Soviet Union over 70 years to float a bond issue in the international capital market. The example of Poland is also telling. Unlike Czechoslovakia and Hungary, which have faithfully serviced their external debt, Poland is not experiencing a foreign investment boom.

Thus, while it is important to create "a legal framework to ensure the growth of private enterprise throughout Russia", this alone will not restore Russia's creditworthiness. A country as great, proud and rich as Russia should do everything to avoid the experience of Latin America in the 1980s.

Fortunately, debt relief is not required for Russia. With appropriate policies in place and the financing already pledged by the G7, Russia should be able to service in 1992, if necessary, the entire foreign debt of the former Soviet Union and increase its foreign exchange reserves as well.

Horst Schulmann,
managing director,
Institute of International Finance,
2000 Pennsylvania Avenue NW,
Suite 8500,
Washington DC,
US

Executive options a lottery not reflecting management effort

From Mr David M W Brooks.

Sir, With reference to your article, "Shareholder group calls for changes to stock option plans" (July 6), it is unfortunate that, as with so many things in life, the institutions are trying to make the best of a bad job. Institutions and companies appear stuck in the trap of using existing arrangements – executive options – the design of which has in reality been substantially dictated by the Inland Revenue and only to a small degree by the specific requirements of each individual company.

Is it not high time that, rather than tinkering with options, the institutions and remuneration committees asked themselves what they are trying to achieve by giving executives company shares? If they are to use options as an incentive they should accept that the basic structure of options, in the majority of cases, is totally inappropriate.

Because options are highly leveraged and dependent more upon the thoughts of Number 11 Downing Street than the effort and corporate results of the company, the benefits of an option end up being regarded as a lottery rather than a benefit reflecting management effort.

Tinkering with performance measures may remove the windfall or market (rather than company) gains under options, thereby removing some of the extremes of the 1980s. However, applying such an on/off switch does little to deal with the quantum of award or the quality of the incentive impact.

It is a pity if both the institutions and the remuneration committees, in the light of corporate governance pressures and a growing realistic approach towards executive remuneration, do not take this as an opportunity to go back to basics and to draw up guidelines which can be used effectively to give management incentive and reward by reference to shareholder reward, rather than simply provide a lottery ticket which may or may not pay up.

David M W Brooks,
head of senior executive compensation group,
William M Mercer Fraser,
Dexter House,
2 Royal Mint Court,
London EC3N 4NA

The rights and wrongs of forecasts

From Mr Peter Beck.

Sir, Your leading article on the problems of economic forecasts ("Stormy forecasts", July 8) compares their reliability with weather forecasts. This is not just unfair to weather forecasters, but also ignores a fundamental difference between the two. Weather forecasts do not affect the weather, but forecasts of the economy do affect the economy. Forecasts of human behaviour or activity which are believed and acted upon tend to fall into two categories – self-fulfilling or self-defeating. Forecasts of the economy clearly fall into the latter category: if believed, they will prove wrong, if ignored they may prove correct.

Economic forecasters thus have a choice. They can become influential and wrong, or ignored, but right.

Peter Beck,
Frant,
East Sussex

CBI industrial surveys tell the story as it is, with no gloss

From Mr Douglas McWilliams.

Sir, Having begun his campaign against business surveys with the accusation in June that the CBI was "stretching the truth, or probably downright lying", Mr Roger Lyons, general secretary of MSF, now appears to have moderated his language but still seems to be intent on misrepresenting the facts. In his letter (July 8), he asserts that the CBI's March Industrial Trends Survey "declared on the eve of the general election that recovery was round the corner". It did no such thing.

The survey, based on replies from 1,439 companies in 50 different industries together responsible for roughly half of UK manufacturing employment and exports, reported a slight improvement in home and export orders, a further run-down in stocks and that firms expected output to flatten out over the next four months. The FT report on the survey was headed "CBI reports 'patchy' rise in demand" (March 28). In June, Mr Lyons was quoted in The Guardian as saying the CBI had been "talking up the state of the economy, particularly before the election" and alleging there had been "election trickery at work".

I suspect Mr Lyons' memory is as muddled as his accusation. It was the CBI's April survey, published 19 days after polling day, that reported the biggest increase in business optimism since July 1988 and said that manufacturing output was expected to increase over the next four months as demand improved. The FT report on that survey was headed "CBI reports rising prospects" (April 29).

Mr Lyons really must not allow his dissatisfaction with the election result to distort his judgment. The CBI surveys depend solely on what industrialists themselves say about the trend in orders, output, stocks and prices. In publishing these surveys, the CBI never attempts to put a particular gloss on them. We always tell the story as it really is.

Mr Lyons might do much for his own credibility if he followed the same practice.

Douglas F McWilliams,
chief economic adviser,
Confederation of British Industry,
Centre Point,
103 New Oxford Street,
London WC1A 1DU

OBSERVER

Silver dollars

■ It is not every day that someone dumps 622 tonnes of silver – or, if some bullion traders are to be believed, perhaps even twice that amount. But dealers with long memories may reflect that their lives were disrupted some years ago when the very same National Commercial Bank of Saudi Arabia offloaded 100 tonnes of gold.

The gold sale was hailed as a shrewd move by Khalid Bin Mahfouz, the bank's operating officer, who switched into US dollars and made a subsequent packet as the rate rose. Mahfouz, who now finds himself indicted in the US for his part in the BCCI affair, is no stranger to the bullion markets and was one of the players invited to join in Nelson Bunker Hunt's ambitious plan to corner the silver market in the late 1970s.

Hunt wanted Mahfouz and Ghaith Pharaon, another Arab closely connected to BCCI, to join in his scheme. Pharaon demurred but Mahfouz started buying enthusiastically and lost $600m when the scheme backfired and the price of silver plummeted.

Three years ago he had a bad car accident in Jeddah which left him badly injured, though he has continued to play a central role in the bank's affairs – as, indeed, in those of the kindgom itself.

Out of the closet

■ Signs of the times. Just as publishers Random Century have put the gag on chauvinistic references to foreigners in reprints of W E Johns's books about fighter ace Biggles, the borough council of Nuneaton and Bedworth has taken the wraps off condom-dispensers.

It has evidently become the first UK council to abolish the rule restricting contraceptive vending machines to indoor sites such as the lavatories of public houses.

Moreover, it has already put its new policy into practice. An open-access machine has been installed at Nuneaton's main bus station, and formally inaugurated by Councillor Mrs Mary Beaumont, chair of the council's environmental health committee.

Game set

■ Campbell Anderson, managing director of Renison Goldfields Consolidated, the big Australian mining company, is wincing his way through meetings in London this week.

He is suffering from repetitive strain injury which, he explains, is very much like a bad case of tennis elbow and makes shaking hands very painful. "I thought it was something only typists and journalists suffered from," says Anderson.

So how did he come by his RSI? From playing with a Game Boy – a hand-held electronic toy – on long-distance flights. "It's very addictive," he points out.

Full score

■ One of the City's better-known Jeremiahs, Stephen Lewis, was trying his best to look cheerful yesterday. The most memorable prediction from the former Phillips & Drew economist was that there would be 50,000 job losses after the 1987 stock market crash. Grinning amiably over a glass of champagne, he claimed the rout to be over – rather surprisingly, given the deathly shadow that has fallen across the equity market of late.

"I'd like you to read this leaflet on avoiding poverty"

"The City has come full circle," maintained Lewis, explaining his decision to throw in his lot with a new broking firm. Like an increasing number of people in the City, he believes fund managers are again prepared to pay commissions for good advice. If not, then Lewis and his colleagues at the grandly titled London Bond Broking Company will find themselves adding to the job queue.

Was the 50,000 an exaggeration? "After the first three months, people stopped publishing the numbers. But there's a feeling that we did get the 50,000, and more besides."

Trendy forecast

■ "Ross Perot's victory is imminent and will be the flash-point of a fundamental political restructuring that will spell the end of the familiar two-party system and the beginning of a new system of independent parties."

Says who? The latest issue of the Trends Journal of the Socio-Economic Research Institute, that's who. And what is the Socio-Economic Research Institute? A "world leader in trend forecasting", according to the institute's own packaging. The institute – based in New York state – charges its corporate clients $25,000 for a "trend-tracking project", which defines a trend in social, economic or political terms.

Run by bearded, messianic-looking Gerald Celente, the institute claims an impressive series of successful predictions, including the savings and loan crisis and democracy for east Europe.

But it seems happiest when hedging its bets. Thus the very same issue, after two pages explaining why Perot will win, considers four reasons why he might lose: "the national economy significantly rebounds"; "Perot is found to have been involved in a major scandal"; he "selects a running mate with a narrow, ideological perspective"; or "he doesn't run an even moderately effective campaign". Oh Nostradamus, where art thou now?

Double bonus

■ At the bar of a London men's club, an accountant, a lawyer and an actuary were debating the pros and cons of matrimony.

"I'm better off having a wife rather than just a lover – the tax advantages are so great," the accountant said. "No," replied the lawyer, "I'm better off with my lover – you can be hit so hard for alimony by a wife."

"I'm best off in having both," said the actuary. "When I'm not with my wife she thinks I'm with my lover, and when I'm not with my lover she thinks I'm with my wife. That way, I get to spend more time in the office."

FINANCIAL TIMES
Friday July 10 1992

Clinton chooses Albert Gore as vice-presidential running mate

By George Graham in Washington

GOVERNOR Bill Clinton of Arkansas, the presumptive Democratic presidential candidate, yesterday named Senator Albert Gore from the neighbouring state of Tennessee to be his vice-presidential running mate.

Announcing his choice yesterday at Little Rock, the Arkansas state capital, Mr Clinton said he had wanted a vice-president who would complement him.

"We have the best plan, and now we have the best ticket," he said.

Mr Clinton had been considering a number of other leading Democrats in Congress, including senators Harris Wofford of Pennsylvania, Bob Kerrey of Nebraska, Bob Graham of Florida and Jay Rockefeller of West Virginia, and Representative Lee Hamilton of Indiana.

In the end, however, he picked another Southern moderate who closely resembles him both in his youth and in his marked penchant for policy detail.

Mr Clinton has already succeeded in shaping the Democratic party platform largely to his liking, and the choice of Mr Gore should help to distance his campaign further from the left wing of the party.

Mr Gore is, at 44, two years younger than Mr Clinton, and the two men made it clear yesterday that they planned to present themselves at next week's convention as a change of generation from President George Bush.

"The time has come ... the time for a new generation of leadership for the United States of America," Mr Gore said.

While the choice of a fellow southerner appeared to be a bold break with the traditional strategy of seeking a regionally balanced ticket, Mr Gore's strengths on environmental issues, foreign and defence policy and family values should bolster some of Mr Clinton's perceived weaknesses.

Mr Gore has also already survived close scrutiny in his unsuccessful 1988 attempt for the Democratic presidential nomination. At the very least, it seems unlikely that anything will be found in his past to embarrass the Clinton election campaign.

Ms Susan Estrich, campaign manager of Mr Michael Dukakis, the Democratic candidate in 1988, said: "If you're looking for someone who can draw the contrast very well with Dan Quayle, I think you've got it in Al Gore. I mean, he proves you can be good-looking and smart at the same time."

By preserving the suspense over his choice, Mr Clinton has succeeded in winning media attention most of this week, overshadowing President Bush's attendance at the G7 summit in Munich and at the Conference on Security and Co-operation in Europe in Helsinki.

Albert Gore profile, Page 5

First day at work: Chris Patten reviews a guard of honour shortly before being sworn in as Hong Kong's 28th governor

Patten makes pledge to Hong Kong

By Simon Holberton in Hong Kong

HONG KONG'S successful transition to Chinese sovereignty in 1997 would provide a "shining example to the world" of partnership and co-operation between peoples and nations, Mr Chris Patten, the colony's 28th and almost certainly last governor, declared yesterday.

Mr Patten, speaking after his swearing in by Sir Ti-liang Yang, the colony's chief justice, pledged to devote all his energy to representing the interests of the people of Hong Kong as "strongly and wisely" as he could.

"I will stand up for Hong Kong as you would wish me to do, courteously and firmly," he said.

Shunning dress uniform for a lounge suit, Mr Patten said: "What we have to do in the closing years of this tumultuous century is to turn from earnest hope to firm reality that historic and far-sighted concept - 'one country, two systems'."

The hope of a smooth transfer is in stark contrast to the current acrimonious state of Anglo-Chinese relations. The two sides have failed to agree on the terms of financing the colony's multi-billion-dollar airport - a deadlock which has the potential to undermine confidence in the colony if not settled soon. China is also suspicious that Mr Patten will attempt to accelerate the pace of democracy.

The new governor used his address to try to begin repairing relations with Beijing, stating that good co-operative relations were his "sincere aim and profound wish".

He said he would do all that he could to remove misunderstandings and build trust. But he reminded Beijing that "trust is a two-way street".

He did not explicitly raise the issue of democracy, but, in what might have been an oblique reference to it, said that he had no "secret agenda".

"My only agenda is the one I have laid before you today. It is clear. It is public. And so it will remain."

Mr Patten did not, however, shrink from reminding his audience of the need to preserve and safeguard Hong Kong's way of life and freedoms.

On domestic politics, he promised an "open and accessible" style of leadership but one based firmly on the premise that the ultimate responsibility of leadership rests with himself "in what is and will remain an executive-led government".

Patten turns on the charm, Page 4

UK limits top salary rises to 4%

By Ralph Atkins in London

BRITAIN'S top public servants were yesterday told they could only have a 4 per cent pay rise this year.

Making an example of pay restraint and highlighting recessionary pressures on public spending, the government rejected pay increases of up to 24 per cent recommended for top civil servants, judges and members of the armed services.

Underlining the significance attached to the decision, Mr John Major returned to London from the Group of Seven summit in Munich specifically to chair an extended cabinet meeting which agreed to limit the pay increases for so-called top people.

A further 3 per cent will be paid next year and 2.8 per cent the year after, in addition to whatever increase is decided for those years.

The total increase amounts to about half the recommended rise. The decisions to cut and to phase in the recommended increases, which will save £22m ($43m) this year, angered unions representing senior civil servants.

The Association of First Division Civil Servants accused the government of "sheer political opportunism". The Institution of Professionals, Managers and Specialists said it was a "slap in the face" for senior civil servants and the Top Salaries Review Board.

In its most fundamental review since 1985, based largely on comparisons with the private sector, the TSRB recognised the need for "reasonable restraint" but argued job security in public service had to be offset by the compensation packages and service contracts common in the private sector.

However, Downing Street said "wider considerations" had to be taken into account in setting top people's pay, citing the fall in average earnings and the 4 per cent going rate for private sector pay settlements.

The Treasury said explicitly that the decision was intended to "send a signal" as work begins on agreeing public spending totals for the next financial year. The government is to investigate extending performance-related pay to the highest civil service grades.

After yesterday' decisions, the salary of the head of the home civil service will increase this year from £104,750 to £108,940, instead of the £130,000 proposed by the TSRB. A major general in the army will see a rise from £53,000 to £55,120 instead of £63,000.

MPs' allowances, Page 7

Saudi bank told to close

Continued from Page 1

American Bank of Washington without first obtaining Fed approval. NCB denied the charge, saying it never bought the shares.

FirstAmerican is one of four US banks that was secretly and illegally acquired by shareholders accused by the Fed of being front men acting for BCCI.

The OCC said it viewed the allegations pertaining to NCB and Sheikh Khalid to be "extremely serious". The federal agency said: "NCB is alleged to have violated significant provisions of the federal banking laws applicable to federal branches and their parent foreign banks".

The OCC said NCB's New York branch had "not supplied current and accurate financial statements regarding the condition of its parent", raising serious questions.

Mark Nicholson in London adds: The bank yesterday also denied reports that its sale earlier this week of very large quantities of silver – a sale bullion traders reckoned to be as much as 50m ounces, but which NCB says was less than 20m – was related in any way to the resignation of Sheikh Khalid or the charges against him.

West moves to tighten Serbian sanctions

Continued from Page 1

CSCE leaders – the former Yugoslav delegation has been temporarily suspended – to sign a declaration of solidarity with Bosnia today. The draft declaration states that the main responsibility for the killing in Bosnia lies with "the authorities in Belgrade".

It also warns that the situation in the Serbian-controlled regions of Kosovo, Vojvodina and Sandjak is rapidly deteriorating and that the CSCE should take the necessary steps to prevent the bloodshed from spreading.

However, east and west European officials said Russia was blocking the adoption of this declaration on the grounds that Croatia also shares some of the responsibility for the war.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	F	23	73	Boulogne	F	19	66	Frankfurt	S	26	79	Majorca	S	25	77	Oporto	F	18	64	Tenerife	F	24	75
Algiers	F	25	77	Brussels	S	24	75	Geneva	F	21	70	Malaga	S	25	77	Oslo	F	25	77	Tokyo	C	30	86
Amsterdam	S	24	75	Budapest	S	24	75	Gibraltar	S	23	73	Malta	S	29	84	Paris	F	23	73	Toronto †	F	20	68
Athens	S	34	93	Buenos Aires	F	11	52	Glasgow	S	16	61	Manila	F	35	95	Prague	S	23	73	Tunis	F	26	79
Bahrain	S	34	93	Cairo	S	37	99	Helsinki	S	24	75	Melbourne	S	11	52	Reykjavik	C	8	46	Valencia	S	27	81
Bangkok	C	33	91	Cape Town	S	17	63	Hong Kong		–	–	Mexico City		–	–	Riyadh	S	33	91	Venice	S	26	79
Barcelona	F	22	72	Caracas	C	30	86	Innsbruck	S	23	73	Miami †	S	23	82	Rio d'Janeiro	R	17	63	Vienna	S	24	75
Beijing	C	26	79	Casablanca †	F	24	75	Inverness	C	15	59	Milan	F	22	72	Rome	F	24	75	Warsaw	S	24	75
Beirut	S	27	81	Chicago †	C	21	70	Islamabad	C	22	72	Montreal †	C	19	66	Salzburg	S	25	77	Washington †	R	26	79
Belfast	F	14	57	Cologne	F	25	77	Istanbul	F	22	72	Moscow	C	15	59	S'Francisco †	S	15	59	Zurich	F	23	73
Belgrade	S	26	79	Copenhagen	S	25	77	Jakarta	C	33	91	Munich	S	24	75	Seoul	C	28	82				
Berlin	S	26	79	Corfu	S	31	88	Johannesburg	S	19	66	Nairobi	C	22	72	Singapore	F	30	86				
Biarritz	S	21	70	Dallas †	F	23	73	Lisbon	S	26	79	Naples	F	27	81	Stockholm	S	21	70				
Bombay	F	31	88	Dublin	C	14	57	London	C	17	63	Nassau	C	32	90	Strasbourg	F	26	79				
Bordeaux	F	26	79	Dubrovnik		–	–	Los Angeles †	C	22	72	New Delhi	S	35	95	Sydney	F	13	55				
				Edinburgh	F	16	61	Luxembourg	R	21	70	New York †	C	23	73	Taipei	F	31	88				
				Faro	S	27	81	Madeira	C	20	68	Nice	S	23	73	Tangier	S	29	84				
				Florence	T	19	66	Madrid	S	30	86	Nicosia	S	33	91	Tel Aviv	S	32	90				

Temperatures at midday yesterday
† Noon GMT temperatures
C - Cloudy Dr - Drizzle
F - Fair Fg - Fog H - Hail
R - Rain S - Sunny
Sl - Sleet Sn - Snow
T - Thunder

THE LEX COLUMN

Owning up to Maxwell

Amid the many distasteful examples of buck-passing over the Maxwell affair, at least somebody has had the guts to stick up a hand. All the same, official reaction to yesterday's guilty plea by the relevant self-regulatory organisation, Imro, is rather depressing. Judging by its position paper, the line of the Securities and Investments Board (SIB) seems to be that the edifice of UK self-regulation established in the mid-1980s is essentially sound. Mr Maxwell drove a coach and horses through it this time; but would-be pension fund plunderers of the future can be stopped by better-qualified regulators – preferably volunteers from the financial services industry – and beefed-up admission and monitoring procedures at Imro and elsewhere.

There are no easy solutions, to be sure. But the decision to retain Imro suggests the old boy network is alive and well. Imro's credibility and morale have been seriously damaged, and one wonders who will be willing to take over as chief executive even at a rate nearly twice that of a comparable self-regulatory organisation boss. More to the point, there was already a plausible case for merging Imro into the rather more successful Securities and Futures Association to create one entity for institutional investors, just as the two retail investor regulatory organisations are now being merged into one. Such a solution would have ended the present muddle which still allows companies to shop around for regulation, besides dispelling lingering doubts about Imro itself.

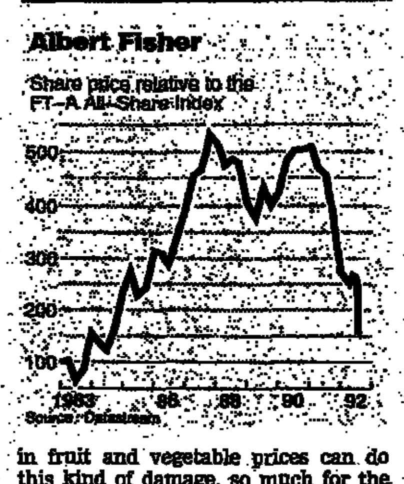
As for alternatives to self-regulation, there is no evidence that government departments can do any better. But the string of recent scandals centring on London is more damaging than anything else to the UK's continued pre-eminence in financial services.

Albert Fisher

Yesterday's profits warning from Albert Fisher completes the company's transition from glamour stock to problem case. Investors have had their patience tried before, by mishaps with Polish mushrooms and Dutch cockles. The latest, involving Chilean grapes and apples, sounds more serious: so much so that seven weeks from the year-end the company cannot be quite sure about maintaining its £22m annual dividend, despite having £10m of net cash in the bank.

Faced with a likely halving of its second-half profits, Fisher is in something of a cleft stick. If a sudden drop in fruit and vegetable prices can do this kind of damage, so much for the notion that the company adds value to what it sells. So much, too, for any claim to quality of earnings and a high p/e. If, on the other hand, there are factors yet unknown behind yesterday's announcement, the market is wholly justified in hitting the shares as the price of uncertainty.

FT-SE Index: 2497.9 (+25.3)



With the shares down 38 per cent yesterday to 41p, Fisher's market value has fallen from nearly £800m to £240m in little more than 15 months. The perplexing thing is that if full-year profits come out at £63m, as the optimists suggest, a held dividend would be almost twice covered by earnings. The yield would then be over 12 per cent, on an earnings multiple of less than 6. It was doubtless this, rather than any sense of urgency, that caused half a dozen Fisher directors to dive into the market and buy shares yesterday. Others tempted to follow their example might care to reflect on the reasonably safe stock market generalisation that when shares have fallen this far, they seldom come back.

Rank Organisation

With a bit more life in the economy, Rank might by now have digested the balance-sheet consequences of its Mecca purchase in 1990. As it is, the first half ended with gearing still at an uncomfortable 70 per cent. Rank has still not sold any of the 22 hotels it put on the market in April. Progress in stemming the video distribution losses in the US is embarrassingly slow. To crown it all, a slowdown in the Japanese office supplies market depressed the contribution from Rank Xerox by more than 10 per cent.

That said, it is easy to overdo the gloom reflected in the shares' near-20 per cent fall since late May. Bingo is going from strength to strength and London hotels are making money, though at the cost of savage discounting. The company still managed enough capital spending to keep an edge on the competition during the first half, while lopping £47m off net debt outstanding a year earlier. Lower profits at Rank Xerox should have little impact on Rank's cash flow, since the associate is unlikely to cut its regular dividend much, if at all.

Tax credits from previous US losses will help keep the tax charge down, so that profits, which have now started flowing from Universal Studios, will pass straight to the bottom line. Rank's dividend thus looks reasonably secure in terms both of earnings and cash cover. But it is not worth getting too carried away by the yield of more than 6.5 per cent. The upside is limited by the delayed UK recovery which Rank itself does not expect before 1994.

Scottish Hydro

In theory, Scottish Hydro-Electric has several natural advantages. Its hydroelectric power is cheap. Unlike the English generators it is not obliged to pass on the benefits of low-cost coal. In other respects prices are more tightly regulated in its home market than those of the English RECs. So it is not surprising that exports of electricity to England and Wales jumped by 58 per cent to £117m last year. But it would be mistaken to read too much into the future from this, even if it was the chief factor behind the 35 per cent increase in pro-forma pre-tax profits.

The risk in depending for growth on exports to England and Wales is not only that the pool price at which such exports are priced can fluctuate widely. It is also that any eventual deal between British Coal and the English generators will almost certainly lead to lower power prices south of the border, reducing the margin that Hydro can earn. Scottish Power, which has concentrated on sales to Northern Ireland and the Isle of Man, may be on to a better thing, besides having its venture into telecommunications. It all makes the 8 per cent premium on Hydro's partly-paid share price over that of its Scottish rival look a trifle excessive.

FINANCIAL TIMES
COMPANIES & MARKETS
Friday July 10 1992

INSIDE

Domino Printing profits jump 32%

Domino Printing Sciences, the UK manufacturer and distributor of industrial ink-jet printers, boosted interim pre-tax profits 32 per cent to £4.5m. Mr Gerald Dennis (above, left), chairman, and group managing director Mr Howard Whitesmith said strong overseas sales – particularly in the US and continental Europe – helped increase turnover 17 per cent to £30.9m. Page 22

Jeyes expands in Germany

Jeyes, the cleaning products group, is expanding into continental Europe with the purchase for DM52.2m (£18.1m) of Neuberg-based Globol, a 75 per cent owned subsidiary of BP which makes domestic insecticides, lavatory cleaners and air fresheners. Page 23

Hughes assault on Europe

GM

As part of a strategy of reducing its dependence on US sales, Hughes Aircraft, the defence and electronics arm of General Motors, is planning an assault on the fragmented markets of Europe. Mr Michael Armstrong, chairman, is undaunted by the prospect of trading with a patchwork of European customers, each with its own standards and needs. "We're good at dealing with bureaucracy and paperwork – we've been working with government for years," he says. Page 28

False dawn for engineers

Investors in European engineering companies must learn the virtue of patience as they await the end of a recession that has spread steadily across the continent during the past 18 months. It is not only in the UK – where the Conservatives' election victory in April produced a burst of enthusiasm that turned into a false dawn for manufacturing companies – that 1992 has brought disappointment for companies as well as shareholders. Page 39

Social climbing by coconuts

Early this year Malaysia organised an 11-nation international coconut tree climbing contest in order, the organisers said, to promote the crop. The competition, won by Sri Lanka, was well-timed. Since mid-1991 world prices for most coconut products have risen more than 50 per cent. Page 26

Market Statistics

Companies in this issue

Chief price changes yesterday

FRANKFURT (DM)				**PARIS (FFr)**			
Rises				**Rises**			
Aachen Mch Reg	895	+	27	Saretanoe	1340	+	40
Asko Pf	555	+	20	LVMH	3780	+	118
Lamyer	760	+	30	Nord Est	122	+	7.5
Schmalbach Lub	482.5	+	11.5	**Falls**			
Degussa	331.8	+	6.8	Ecco	428	–	16
Falls				Gal Lafayette	1884	–	56
Leifheit	455	–	20	Intertechnique	670	–	25
NEW YORK ($)				**TOKYO (Yen)**			
Rises				**Rises**			
AmTaylor Strs	19¾	+	1	Denki Kabuki	358	+	31
Caterpillar	51¾	+	1⅜	Mazda Motor	454	+	39
Digital Equip	35¾	+	1	Sumitomo Coal	537	+	40
St Paul Bancp	20¼	+	1¼	Takashima	385	+	30
Falls				**Falls**			
Loctite	19¾	–	¾	Nippon Electric	583	–	10
Union Corp	13¼	–	2¼	Sanyo-Kokusaku	529	–	53

New York prices at 12.30.

LONDON (Pence)							
Rises				Air London	90	–	8
FrenchConnect	8	+	2	Albert Fisher	41	–	25
Gavo	707	+	25	Clarkson (H)	78	–	10
Greenco	567	+	29	Dowding Mills	54	–	5
Kier Energy	11½	+	1½	EnterpriseOil	385	–	9
Lucas Inds	124	+	9	Hemsworth	308	–	14
HamWest Bank	328	+	8	Harland Simon	40	–	29
Pentos	69	+	6	MarlowMoore	25	–	12
Reed Intl	525	+	12	Mid&Scot Res	17	–	2
SmithBeechamA	912	+	30	Slough Ests	144	–	17
Falls				Vardy (Reg)	132	–	7
Admiral	346	–	12	Vodafone	310	–	10
Saxa	58	–	12				

Weak demand tips Grundig into DM19m loss

By Christopher Parkes in Bonn

GRUNDIG, Germany's leading home electronics group, lost DM19m ($12.5m) in the year ended March, 1992, because of continuing weak demand for television sets, video recorders and radios.

Announcing the group's fall into loss, after a DM190m net profit in 1990-91, Mr Pieter Harmsen, chairman, warned yesterday that sales and production of home entertainment products could be expected to fall further in the current year.

Last year, sales were DM4.24bn, down from DM4.55bn in 1990-91. Overall sales were badly hit by a 9 per cent fall in the home entertainment division, which contributed DM3.76bn of the total.

Sales in the industrial electronics division fell from DM161m to DM154m, while the office equipment business picked up from DM97m to DM110m.

Grundig, which is managed by a team from minority shareholder Philips of the Netherlands, is currently looking for partners who are prepared to join strategic alliances in technology and other projects.

Meanwhile, it is rationalising its existing operations, and earlier this week the company announced that it is to cut its workforce by 3,000 during the next 18 months.

The video recorder business is being merged with that of Philips, and production, which is currently carried out in Grundig's Nuremberg plant, is to be switched to its Dutch partner's works in Vienna.

The companies are also collaborating closely on development and manufacture of cordless telephones.

Affected by cheap imports, slack demand in a saturated and depressed domestic market, and by rising wage costs, Grundig – like many other German companies – is attempting to stay competitive by transferring production overseas.

About 40 per cent of its 21,000 workforce is employed in low-cost countries such as Portugal and Malaysia.

● Bauknecht, the former Philips domestic appliance subsidiary, now controlled by Whirlpool of the US, yesterday forecast a 5 per cent sales increase during 1992, after a similar rise last year to DM1.2bn.

Profits fell in 1991 from DM12.8m to DM8.5m, a company official said.

Renault and Audi report increased sales in first half

By William Dawkins in Paris and Andrew Fisher in Frankfurt

TWO of Europe's biggest motor groups yesterday reported increased sales for the first half of 1992.

Renault, the French state-owned carmaker, sold 767,000 cars in the first six months of the year, its best first-half performance since 1980.

This is a 4.8 per cent rise on the first half of last year and lifts Renault's share of the European market for private cars from 9.9 per cent to 10.5 per cent over the same period, said Mr Patrick Faure, marketing director. He was optimistic on the company's outlook but warned that he saw no signs of recovery in the European car market.

The performance lifts Renault's share of the French market by three percentage points over the past year to 30 per cent, where it is level with the combined forces of Peugeot and Citroën.

Renault's unit sales in Germany, its biggest export market, fell by 12 per cent, but it held market share as the Renault 19 continued to be the biggest-selling imported car.

Separately, Valeo, France's biggest supplier of car components, reported a 7.8 per cent increase in first-half sales, from FFr10.3bn ($2bn) to FFr11.1bn. Of the total, 68 per cent was to truck and carmakers, with the rest to the repairs market.

Audi, part of the Volkswagen group, reported a drop of 13 per cent to DM315m ($210m) in pre-tax profits for the first half of this year, in spite of a sharp rise in sales.

It said the decline was because it was exporting more, and margins were lower due to distribution and marketing costs, after the slackening of the German market which had previously benefited from unification. In 1991, Audi's net profits jumped by 30 per cent to DM370m, helped by a lower tax bill.

Audi's turnover in the first six months was 20 per cent higher at DM8.6bn, with unit sales up by 15 per cent to 271,200 cars. Mr Ferdinand Piëch, the chief executive of Audi who becomes head of the VW group in January, said the company intended to increase output to some 490,000 cars from last year's 451,000.

This, he told the annual meeting, would "have a positive impact on earnings". Turnover should exceed DM16bn, a rise of some 8 per cent on the DM14.8bn of 1991.

Setback for London trading in Hongkong Bank shares

By Tracy Corrigan in London

LONDON-BASED marketmakers yesterday backed out of quoting sterling prices on the largest portion of shares in HSBC Holdings, parent company of Hongkong and Shanghai Bank.

Although marketmakers will trade UK-registered shares, most HSBC stock will continue to be traded in Hong Kong.

The decision could affect the company's weighting in UK stock indices. Trading in the new sterling-denominated shares in HSBC is set to go ahead at 2.30pm today, after its £3.6bn (US$6.87bn) offer for Midland Bank goes unconditional.

But plans to quote a sterling price in Hong Kong-registered shares were abandoned yesterday, when marketmakers decided there was not sufficient business to warrant a marketmaking commitment.

The decision has scuppered plans to use a SEAQ-listed quote in Hong Kong-registered shares in the compilation of the FT-SE 100 share index.

This would have created a "sensible weighting", reflecting the size of the company, said Mr John Brumwell, a director of Prudential Portfolio Managers, who sits on the FT-SE 100 Steering Committee.

The committee meets this morning to decide how to weight HSBC.

The move has raised fears among traders that the company will end up without its full weighting. If all shares in the company are included, the company would have a weighting of about 1¼ per cent in the index, compared with just ¼ per cent, if only UK-registered shares are included, analysts said.

There are two classes of shares in the company: 800m ordinary 75p shares, and 1,600m HK$10 shares.

"A change in the expected composition of the index will alter the way index funds behave," said one equity analyst. A fund manager who tracks the FT-SE index may buy the corresponding proportion of shares, and some investors coulddecide they can stay away from the stock altogether, if it represents only a small portion of the index, one dealer said.

HK$-denominated Hong Kong registered shares will continue to be listed on SEAQ International, the Stock Exchange's international quotation system, but these shares are unlikely to be actively traded, according to dealers.

US airline's order for Airbus will earn it European goodwill, writes **Paul Betts**

United alters its aircraft allegiance

On Sunday, Mr Stephen Wolf, chairman of United Airlines, was in Toulouse negotiating a $5bn aircraft order with Mr Jean Pierson, chief executive of the European Airbus Industrie aircraft consortium.

Five months earlier, Mr Wolf announced a $6.7bn cut in his airline's three-year new aircraft capital expenditure programme including 104 Boeing 737 and 757 narrow body jets after United reported a $331.9m net loss for 1991.

The financial performance of United, the second largest US carrier, has remained in Mr Wolf's own words "dismally woeful". For the first quarter of this year, the airline lost $92.3m and the second quarter is also expected to be disappointing.

But Mr Pierson appears to have made Mr Wolf an offer he found hard to refuse. On Tuesday his board approved an order for up to 100 Airbus A320 narrow-body aircraft, the rival of the Boeing 737, worth about $5bn.

On Wednesday, the champagne flowed in Toulouse to celebrate what is undoubtedly one of the most significant marketing coups in the 20-year history of Airbus.

United was one of the last remaining strongholds of Boeing, the world's largest manufacturer of commercial airliners. For the last two decades, United bought nothing but Boeings. In the early 1930s, Boeing owned a big stake in United until the US Congress decided in 1934 that airlines had to be separated from manufacturers.

With the United deal, Airbus has now placed aircraft with all the main US carriers with the exception of USAir and Southwest Airlines. The last two remaining Boeing strongholds are Japan Air Lines and British Airways, although the UK carrier inherited 10 A320s when it took over British Caledonian five years ago.

Mr Pierson is now well on his way to achieve his target of a 30 per cent share of the commercial jet market. "Last year we stood at 26 per cent of the global trade," he recently said.

Airbus has now become Boeing's main competitor overtaking McDonnell Douglas, which is struggling to revive its commercial aircraft operations by attempting, so far unsuccessfully, to negotiate a partnership with Taiwan and other Asian countries.

The United deal also comes as the aircraft industry faces one of the worst cyclical downturns in its history. The order will help safeguard thousands of jobs at the four Airbus partner companies including British Aerospace (20 per cent), Aérospatiale of France (37.9 per cent), Deutsche Aerospace (37.9 per cent) and Casa of Spain (4.2 per cent).

It is also important for Rolls-Royce, a partner in the International Aero Engine (IAE) consortium whose V2500 has been chosen to power United's new A320s.

The order will give IAE a big boost in its fierce competition against the rival CFM International consortium, the joint-venture between General Electric of the US and Snecma of France which has won the lion's share of engine orders in the 150-seat narrow-body aircraft market sector.

Finally, the order is likely to restore confidence in the A320, probably the world's most sophisticated and technologically advanced airliner which has regularly been dogged by controversy over the safety of its "fly-by-wire" computer flight control system.

But the deal begs one important question: why did United suddenly decide to order $5bn worth of Airbus aircraft after slashing in February its 1992-95 aircraft acquisition programme involving all Boeing aircraft?

Airline industry sources suggested yesterday Airbus had presented United with "an extraordinary opportunity" by offering extremely attractive financing. Under the terms of the deal, United will acquire 50 A320s on lease with options for an additional 50.

Airbus claimed yesterday the arrangement was a classical financial vehicle involving long-term leasing.

It added that the Airbus proposal was identical in structure to Boeing's competing bid to supply Boeing 737-400s to United. Boeing, for its part, said it had made a very attractive offer which went "as far as prudence would dictate". The Seattle manufacturer also added: "Obviously Airbus could do more."

United is acquiring the A320s to replace gradually its fleet of ageing Boeing 727-200 three-engine airliners. It expects to retire 26 of these this year. Since February, it has also faced a new demand for aircraft for its expansion in the fast-growing Latin American market following its $135m acquisition of Pan Am's Latin American routes this year.

Apart from the bargain terms offered by the European consortium, United clearly expects to earn some much needed goodwill in Europe by opting for Airbus rather than Boeing aircraft.

Several European countries, especially France and Germany, have recently become alarmed by the aggressive expansion of big US carriers such as United, American Airlines and Delta Air Lines into their market and the transatlantic fares war this has unleashed.

France has been seeking to limit this expansion by wanting to renegotiate its bilateral air agreement with the US.

United now has four daily flights out of Paris to the US as well as European feeder services operated by Boeing 727s which could eventually be replaced by A320s.

Although Boeing said it accepted and understood United's decision, the deal is likely to rekindle the old dispute over Airbus subsidies and creative financing to win market share in the US.

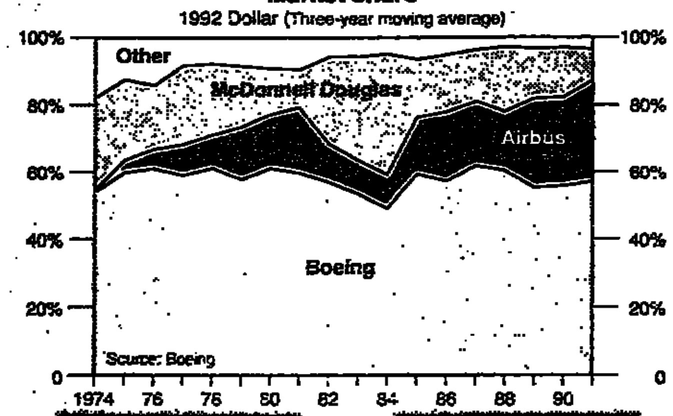
The A320 contract is understood to be flexible with some liberal return arrangements if aircraft are not taken up by United.

However, if Boeing ultimately decides to kick up a fuss, its campaign could be blunted by the accord reached this spring between the US and the European Commission on aircraft subsidies.

"It is an agreement that is balanced and fair to all and now that it is completed, it lets both sides focus their energies on what they do best: designing, building and selling aircraft," Mr Pierson said in New York last month.

But that was before the United deal.

Commercial aircraft orders



Stephen Wolf
chairman
of United Airlines

Jean Pierson
chief executive
of Airbus Industrie

Rank limits profits fall with tight cost controls

By Michael Skapinker, Leisure Industries Correspondent

HALF-WAY results at Rank Organisation, the UK leisure group, reached the top end of expectations in an economic climate which the company said offered little but gloom.

Pre-tax profits were £94m ($180m) for the 28 weeks to 16 May, £2m less than last year. Mr Michael Gifford, chief executive, said the company had kept tight control of costs, including 600 redundancies. Sir Patrick Meaney, chairman, added: "Until the recession lifts, any improvements in performance are likely to result only from self-help."

The group, whose activities include the Butlin's holiday camps, Odeon cinemas and Pinewood studios, said most areas had been hit by the recession. The Hard Rock Cafes were an exception. Over the past year, Rank has opened new Hard Rock Cafes in Paris and Berlin.

Admissions at Odeon cinemas fell 10 per cent while the US video sales business continued to suffer losses. Admissions to casinos were constant but spending per head fell 4 per cent.

The group's share of the pre-tax profits of Rank Xerox was £71.1m, compared with £80.1m last year. This included a reduced contribution from Fuji Xerox, which has suffered from the Japanese economic downturn.

Turnover was £935.5m (against £983.6m) while earnings per share rose to 14.2p from 11.3p after a lower tax charge, reduced minority interests and a cut in total dividend payments on preference shares. The interim dividend was maintained at 10.25p.

Lex, Page 16

INTERNATIONAL COMPANIES AND FINANCE

Albert Fisher stock falls 25p on food glut warning

By Andrew Bolger in London

SHARES in Albert Fisher plunged by 25p to 41p after the UK-based fresh produce distributor and food processor warned that a glut of fresh produce in Europe and North America would significantly cut its profits.

The collapse cut Albert Fisher's market value by nearly £150m to £244m, compared with last year's peak of £790m ($1.5bn). The flight from the shares also reflected the City's continuing disillusionment with the company, a stock market star of the 1980s, and with Mr Tony Millar, the executive chairman who built it up by making more than 50 acquisitions.

Mr Millar said high crop yields of a wide range of fruit and vegetables, and the expansion by growers of cultivated acreages and early harvests, had led to an unprecedented seasonal oversupply.

Sales volumes were in line with expectations, but severe price deflation in Europe and North America would cut profits. Apples, grapes and pears imported from Chile into Europe were particularly adversely affected.

Analysts cut pre-tax profit forecasts from £77m to about £63m for the year to August 31. The group said: "Whilst the board considers it inappropriate to make a dividend forecast at this stage of the year, it remains conscious of the importance of dividends to shareholders."

There was some surprise among analysts that the company was not able to be more forthcoming, as the year-end is so close. Mr Millar said he wanted to see how long the oversupply would continue before making the dividend decision in October.

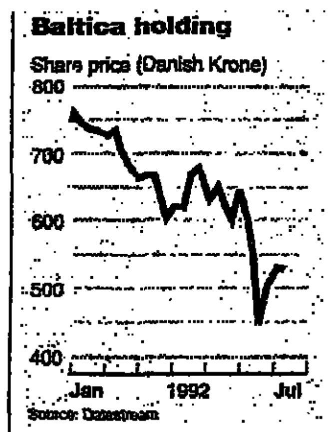
Albert Fisher shares have fallen steadily since it was revealed in March last year that Mr Keith Brackpool, chief executive of the group's US operations, personally owed Polly Peck International, the failed trading group, more than $10m (£5.8m).

Mr Millar has since sought to reassure the City by appointing new chief executives in North America and Europe and two new non-executive directors.

Last night the company announced after the market closed that Mr Millar's wife, Judy, and five group directors had bought more than 100,000 shares during the day, at prices between 36.5p and 38p.

Lex, Page 16

Baltica holding



Hafnia downgraded by Standard & Poor's

By Hilary Barnes in Copenhagen

HAFNIA, the Danish insurance group which came close to going into receivership last weekend, has had its credit rating downgraded from A to BBB.

Standard & Poor's, the US rating agency, said the downgrading took Hafnia to the lowest rating of any European insurance group.

Hafnia will stay on creditwatch, said S&P, pending the successful implementation of a DKr2bn ($348m) share issue, launched on Monday, and clarification of unauthorised financial commitments by a senior manager, which Hafnia claims have cost the company an unrealised loss of about DKr350m.

Hafnia's problems centre on its "two highly-illiquid and rapidly-deteriorating strategic stakes" in Danish insurance group Baltica and Swedish insurer Skandia, said S&P in a statement yesterday.

"Only the resolution of the strategic impasse will bring any lasting stability to the Hafnia group, though this may be at the expense of its independence," it said.

Hafnia has a 34 per cent holding in Baltica Holding and 14.8 per cent in Skandia. The deterioration in the value of these holdings, as well as other share and bond holdings, had by July 2 reduced Hafnia Holding's equity to a negative DKr450m.

Abbey National to sell 39m free shares

By David Barchard

ABBEY NATIONAL, the UK bank, is to sell off more than 39m free shares left unclaimed from its 1989 flotation and will give part of the proceeds to charity.

Mr John Fry, group services director, said the shares would be sold during 1993 but no decision had been taken about the timing or whether they would be put on the market in a single allocation.

"We will not drip-feed them on to the market," he added.

The shares, about 3 per cent of the total outstanding, have been held by Abbey National since 1989 while it tried to find their owners.

Analysts yesterday welcomed the move, saying they expected it to add about 0.5p to Abbey National's earnings per share, expected by UBS Phillips & Drew to be around 30.7p this year.

Abbey National is to write for a seventh and final time to the 390,000 customers who should have received the shares out of 5.6m eligible people, telling them that they could still claim them.

Mr Fry said Abbey National did not know why so many of its customers had not taken up their offer of 100 free shares, worth £130 at the time of the float and around £273 today.

"Though 390,000 people seems a lot, it is a relatively small proportion compared to the 5.5m total of eligible people," Mr Fry said.

Abbey National will publish notices in six national newspapers on July 20. Customers who believe they are entitled will have to complete forms demonstrating their eligibility.

Abbey National will place between 5 per cent and 10 per cent of the cash it receives from the shares in a new Abbey National Charitable Trust which will administer its charitable donations.

Anyone entitled to claim the shares who fails to do so before the sale next year will still be able to recover their value from Abbey National for a further three years and to claim cash from the last dividend paid for a further 12 years.

Abbey National, the second largest UK mortgage lender, and among the most profitable UK banks, says that it has worked hard over three years trying to track down customers who should have received free shares.

It has advertised in the press, and written to the account-holders six times already. "We are considerably exceeding our minimum legal requirements," Mr Fry said.

French groups in defence link-up

By William Dawkins in Paris

CAP Gemini Sogeti, the French computer services group, and Matra, the French electronics-to-transport company, are to merge their defence software and computer imaging businesses.

The move reflects the pressure on the French defence industry, where the government plans to freeze defence spending in real terms over the next three years.

It will create a FFr1bn ($196m) turnover per year group with 1,000 staff, around the same size as the defence software activities of the partners' main competitor, state controlled Thomson-CSF.

The link forms part of the strategy of Mr Jean Luc-Lagardère, the chairman of Matra, of seeking partners where the group can no longer compete alone. It will start operations early next year, specialising in computer systems for handling civil and defence satellite pictures.

Jean Luc-Lagardère: link-up forms part of group strategy

The subsidiaries making up the joint venture are Matra-Sep Imagerie et Informatique (Matra MS2i), which had turnover of FFr542m last year and Cap Sesa Défense, which had sales of FFr346m in 1991. MS2i makes imaging systems for scientific and military clients, while Cap Sesa Défense makes information and command control systems for the French military.

The partners have already worked together for the past several months on a project to computerise army battlefield communications.

Cap Sesa Défense will be in charge of industrial management at two of its own sites and two MS2i sites. Marketing will be through the international offices of Matra Espace, Matra's space systems division, to help both partners win more foreign contracts.

RCP set to renew credit facility early

By Patrick Harverson in New York

ROCKEFELLER Center Properties (RCP), the largest real estate investment trust in the US, is close to negotiating an early renewal of its $200m letter of credit facility from Crédit Suisse, the Swiss bank.

RCP, however, denied reports that it was seeking a complete restructuring of its $885m debt, which consists of two $200m commercial paper programmes, two series of debentures and bank borrowings.

Mr Edward Fontaine, chief executive of RCP, said yesterday that there had been a "continued effort by management to look at ways of refinancing existing debt that is more reflective of current conditions in this market".

RCP's main asset is a $1.3bn convertible mortgage on land under the original 12 buildings of the Rockefeller Centre and the New York commercial property market has been in a prolonged slump since 1990 because of overcapacity and a severe local recession.

Mr Fontaine said RCP had been in regular talks with Crédit Suisse, and hoped to shortly agree new terms for the letter of credit facility, which was originally due for renewal in May 1993.

Kaufhof profits set to rise 20%

By Andrew Fisher in Frankfurt

PROFITS at Kaufhof, the German retailing group, should rise by at least 20 per cent this year, despite the more difficult trading climate, Mr Jens Odewald, chief executive, told the annual meeting.

Kaufhof, which has expanded beyond department stores into specialist outlets and tourism, has benefited considerably from the increased business opportunities opened up by German unification.

Last year, its net profits rose by 38 per cent to DM166m ($102m). Turnover was up by 21.5 per cent to DM17.8bn, though the increase would have been only 12 per cent without the new business in eastern Germany, where the group has invested nearly DM400m.

However, the west German economy has slowed down recently and consumers have had to bear higher direct and indirect taxes to help pay for unity.

Mr Odewald said Kaufhof's turnover in the first half was 13 per cent higher at DM8.9bn, a growth rate with which it was "not unsatisfied". He said the group's aim in coming years was to grow at twice the rate of the retail sector. In tourism, he expected turnover to grow by around 30 per cent this year.

● Fresenius, the drugs and medical technology group, yesterday forecast increased profits for this year and announced plans for a DM174m rights issue. The share offer is on a one-for-three basis at DM440 a share.

The company said its business in the current year was running positively, and that it expected growth in turnover of more than 10 per cent to around DM1.5bn plus an improvement in net profit. After-tax profits in 1991 totalled DM15.9m.

Greek telecoms group soars 77%

By Kerin Hope in Athens

INTRACOM, the Greek telecommunications company in which Ericsson of Sweden holds a 15 per cent stake, has reported a 77 per cent rise in net profits to Dr6.3bn ($34m) for 1991.

Sales rose by 85 per cent to Dr30.4bn last year from Dr16.1bn in 1990 following the award of new contracts from OTE, the Greek telecoms monopoly, and DEH, the country's electricity utility.

Intracom, a large equipment supplier for OTE, is starting to diversify before liberalisation of telecommunications in Greece later this year.

It already exports specialised software for Ericsson digital switching systems and power supplies for IBM personal computers. Exports in 1991 amounted to 7 per cent of sales and are expected to rise strongly this year, following sales in Russia and Romania of a computerised state lottery system designed by Intracom.

The company said investment this year would amount to Dr6.5bn under a five-year plan launched in 1990 that calls for total investment of Dr25bn in new telecoms products and information systems.

ASC removes investment barrier

By Bruce Jacques in Sydney

THE Australian Securities Commission (ASC) is to facilitate local investment in foreign companies by removing the need for these companies to register an Australian prospectus.

Mr Tony Hartnell, ASC chairman, said yesterday that Australian investors had in effect been excluded from issues of foreign securities because of the small local market and the practical difficulties of complying with local prospectus requirements.

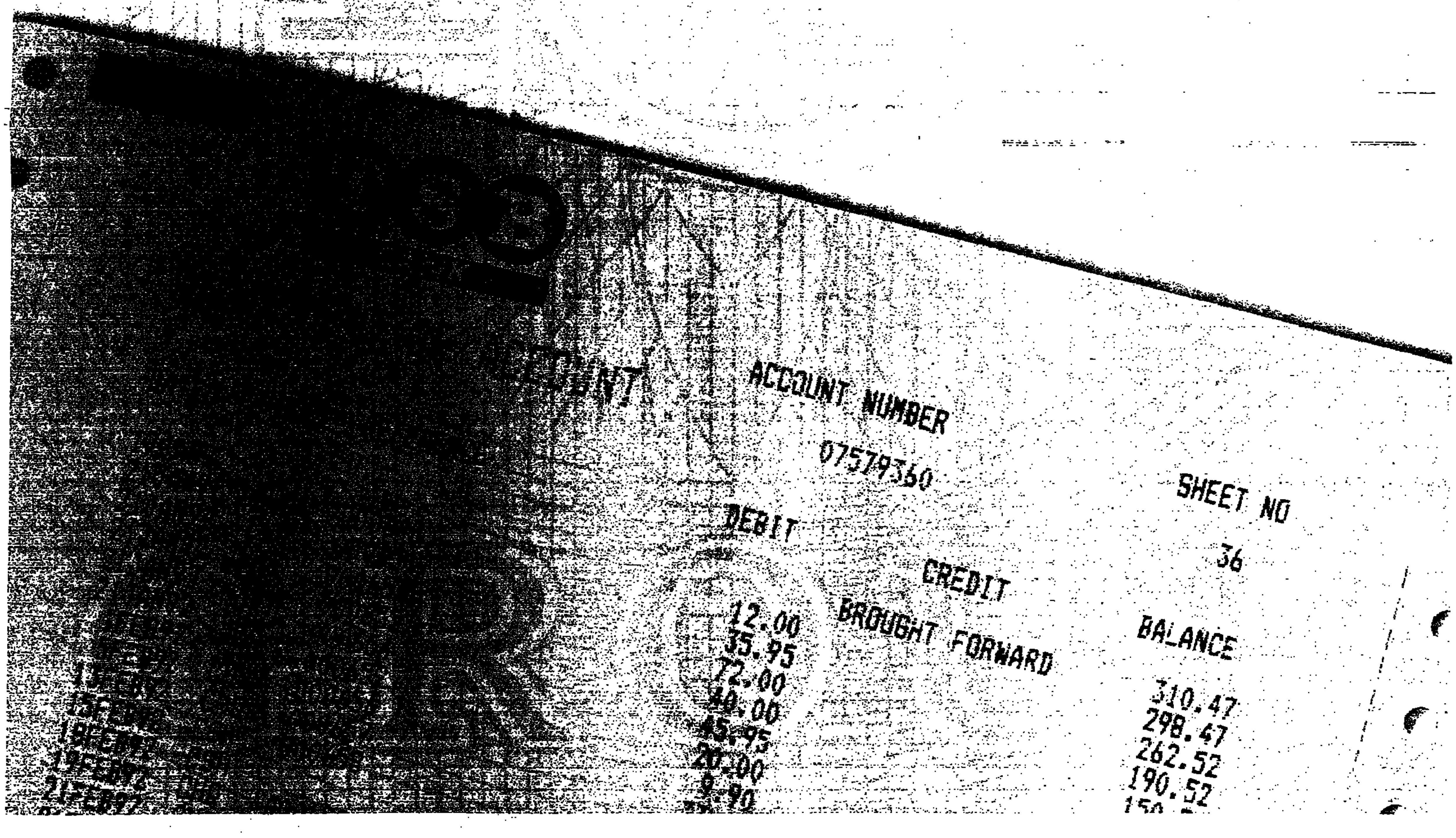
The result had been to exclude Australian investors from scrip issues by foreign companies, or from take-over offers for foreign companies in which they already held shares.

Mr Hartnell indicated that rules would be relaxed to allow approved foreign companies to offer securities on Australian markets through a prospectus registered overseas.

He said the ASC wanted to ensure that Australian investors had a wider choice of securities "while retaining key elements of investor protection".

The change follows a public hearing into the matter in February this year.

The Chairman's Statement. Now available 365 days a year.



A Chairman's Statement delivered in seconds?

For TSB it's quite usual. We can provide our Chairman, or any current account holder, with a full printed, up-to-the-second statement from most TSB Speedbank machines. Day or night. The only UK bank to do so. In fact over a million statements a month are now issued this way.

It's all part of our technology investment programme to improve customer service and cut costs right through the Group. Keeping our fingers on the button, in fact.

TSB GROUP

O&Y seeks 5-week extension to debt scheme deadline

By Bernard Simon in Toronto

OLYMPIA & York yesterday asked a Toronto judge to extend by five weeks the deadline for filing a plan to restructure the bulk of its C$13.5bn (US$11.2bn) debt. The ailing developer also disclosed that it had abandoned its original strategy of negotiating simultaneously with all its creditors.

Instead, it plans to deal first with lenders to 11 specific buildings, followed by other secured lenders and finally unsecured creditors.

Mr Steven Sharpe, an O&Y lawyer, said the company expected to present initial proposals next week to the project lenders. Talks with these groups would provide greater clarity, Mr Sharpe said, on "the size of the pie" available for other lenders.

When O&Y Developments and 28 Canadian subsidiaries filed for court protection in mid-May, they were ordered to present a restructuring plan by July 13.

But this work has been overshadowed for the past two months by other priorities, including the creation of creditor committees, arguments over the distribution of administrative and restructuring expenses, and numerous court applications.

According to Mr Sharpe, "the company has spent time developing litigation rather than negotiating strategy". The O&Y team, headed by Mr Steve Miller of the US investment bank James D Wolfensohn, has recruited Mr Bill Kennedy, who helped spearhead the restructuring of Campeau Corporation, the Canadian property and retailing group which had a brush with bankruptcy in 1990.

O&Y expects to complete its plan by August 21. But a lawyer for one group of creditors noted that even this delay is likely to reopen the contentious issue of restructuring expenses for September and October.

In another development, creditors are considering appointing an outside adjudicator to decide on the extent to which the Reichmann family, O&Y's owners, should disclose its private wealth.

The creditors have expressed frustration at the reticence of O&Y and the Reichmanns to provide a full tally of assets which might be sold to augment the company's cash-flow.

A lawyer for Royal Bank of Canada said yesterday that creditors were seeking a mechanism "which would provide all the information we need with a minimum of fuss and a minimum of intrusion into private affairs".

The dive in property values which has contributed to O&Y's problems was reflected in a deal involving two buildings outside Montreal, in which O&Y has a 20 per cent interest.

O&Y and its partners are selling the properties for C$350,000, which is little more than half the mortgage owed on them.

CBS ahead as network advertising picks up

By Martin Dickson in New York

CBS Inc, which owns one of the three US television networks, reported a 39 per cent jump in second-quarter income, helped by an improving climate for US network advertising and its rise to the top of the prime time television ratings.

The group reported net income of $70.1m, or $4.53 a share, compared with $50.6m, or $3.31, in the second quarter of last year.

Sales increased by 10 per cent, from $710m to $780m.

The figures were at the top end of analysts' expectations.

The company said the television network's unit prices improved in the prime time, day time and late night time periods.

Network sales were also bolstered by the broadcast of two basketball competition semi-finals during the quarter. In 1991, the semi-finals were aired in the first quarter.

But while demand for network television advertising improved, local TV and radio advertising remained sluggish.

Sales and profits of the CBS television stations division increased, primarily because of the acquisition of two new businesses, while CBS Radio's earnings fell, due mainly to sales weakness.

The company's net interest income was $8.9m, down from $10.8m, and its cash and marketable securities at the end of the period totalled $1.4bn, compared with debt of $1.1bn a year earlier.

For the six months, the company reported net income of $88.7m, or $5.75 a share, up from $73.9m, or $4.29 a share for last year's comparative period. Sales for the half-year increased from $1.46bn to $1.86bn.

Hughes Aircraft plans assault on Europe

Daniel Green on the ambitions of General Motors' defence and electronics arm

FROM its bases on the west coast of the US and in the UK, Hughes Aircraft, the defence and electronics arm of General Motors, is planning its assault on the fragmented markets of Europe.

It is hunting for acquisitions and joint ventures in any of its four core businesses: defence, electronics, vehicle technology and telecommunications. The intention is to reduce the company's dependence on US sales by doing business with Europe's governments and its biggest companies.

Mr Michael Armstrong, chairman and chief executive, is undaunted by the prospect of trading with such a patchwork of customers, each with its own standards and needs. "We're good at dealing with bureaucracy and paperwork – we've been working with government for years," he says.

For Hughes, working with government means being one of the biggest US defence contractors. The Gulf war saw more than 7,000 of its missiles launched and its radar saw service in most fighter aircraft and warships.

The company is also involved in satellites and satellite services, aircraft flight simulators and automotive technology.

But the military still accounts for 65 per cent of Hughes' $8bn turnover, and sales within the US are worth 80 per cent of the company's business. At a time of falling defence budgets and a deep domestic US recession, Hughes looks badly exposed.

Enter Mr Armstrong. He joined Hughes in March this year after 31 years at IBM, where he had risen from systems engineer to be responsible for IBM's entire operations outside the US.

He acknowledges that the combination of international experience with industrial as well as government clients got him the top job at Hughes.

It did not take long for his presence to be felt. This month, Hughes said it would cut more than 9,000 jobs, or 15 per cent of its workforce. The restructuring – blamed partly on cuts in defence programmes and partly on the weak economy – will result in an after-tax charge of $749.4m.

Mr Armstrong is quick to reassure that Europe will not see the kind of cuts he is instituting in the US. "We plan to grow business and staff in Europe."

There are two clear routes to higher sales in Europe. One is the military, where Hughes is the prime contractor for the UK's medium-range surface to air missile (MSAM).

Its partners in this £500m-plus ($955m-plus) contract are Siemens, Plessey and Norsk Forsvarsteknologi of Norway. The competitors are formidable: one group consists of British Aerospace and Raytheon of the US, the other is a combination of the UK's GEC, Thomson of France and Alenia of Italy.

Unfortunately for all three consortia, the decision on which wins the contract has been delayed for at least six months by uncertainty over the European Fighter Aircraft project. Last week, the UK Ministry of Defence wrote to them saying they would have to wait until June 1993 to know which has won the contract.

The second area is in automotive technology, which the company was encouraged to enter after the General Motors takeover in 1985. Since then, Hughes has found itself adapting radars into collision avoidance systems and using advanced electronics to make safety air bags and electric cars.

Mr Armstrong insists the GM connection will not guarantee sales to Opel and Vauxhall, GM's European subsidiaries and which are not currently Hughes customers.

"GM Europe was set up independently and they were able to build up more effectively as a result. We have come here to compete for the business, but we hope they'll let us in the door," he says.

Going international with satellite services, one of its most successful US operations, is more problematic. Hughes is the biggest seller of satellite time for domestic US telecommunications. But Mr Armstrong winces at the suggestion that the company should internationalise this business.

Such a move would bring it into direct competition with its best customers for the satellites it builds, the international telecommunications consortia Intelsat and Inmarsat.

He prefers being a satellite service provider through direct broadcasting by satellite. He is even prepared to countenance Hughes becoming involved in television programme acquisition and revenue collection from subscribers to any channels he set up.

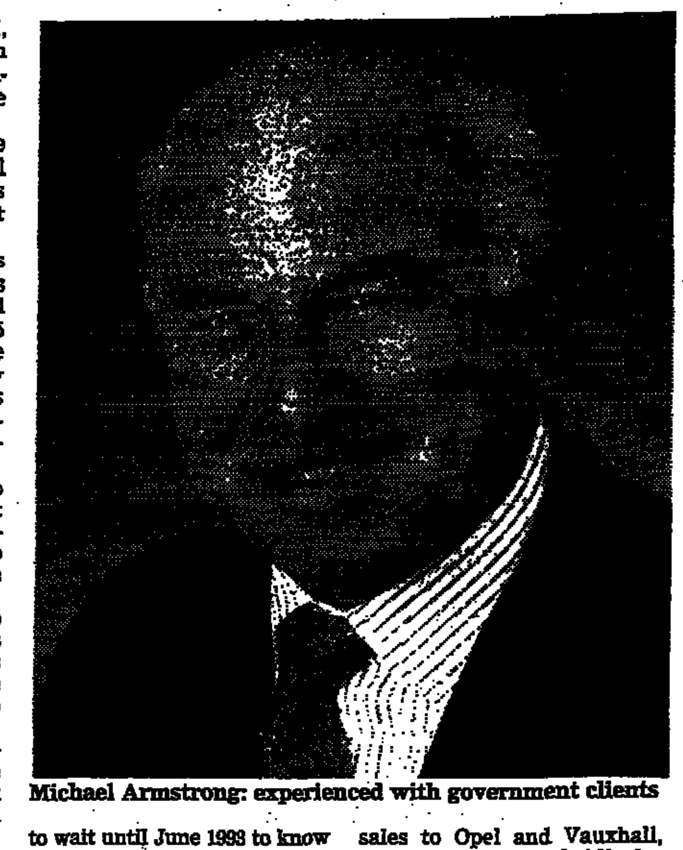
Such plans are still several years from fruition. In the meantime, the company is keen to tighten its grip on small satellite dishes.

It has already met with success in Europe: Alcatel of France this year abandoned its own investment of between $30m and $50m in small dishes and now plans to market Hughes-built devices.

Such collaborative ventures are central to Hughes' strategy in Europe, especially for the French market. "This is done knowing that market access is the most important thing," confesses Mr Armstrong.

Hughes also has links in missiles with Thomson of France and Siemens of Germany. It has Japanese joint ventures in satellites and TV displays.

Does this emphasis on collaboration mean European acquisitions are ruled out? "There are none on the table, but they may yet happen," says Mr Armstrong.



Michael Armstrong: experienced with government clients

General Dynamics share buy-back to cost $957m

By Martin Dickson in New York

GENERAL Dynamics, the US defence contractor, announced yesterday it would be spending $957m to repurchase some 30 per cent of its stock from investors at a price of $72¼ a share under a buy-back plan it revealed last month.

The company announced on June 8 it would buy back up to 13m of its shares, at a price of between $65¾ and $75 a share, under a so-called "Dutch auction" tender offer.

This method, which became popular in the US in the 1980s and is now used for most share repurchases, involves investors specifying a price at which they would be willing to tender their shares.

The company then works out the lowest price which allows it to buy all the shares it is seeking and offers that price for all validly-tendered shares.

The $72¼ price is the same as Wednesday night's close and compares with the $65⅝ at which the company's shares were trading before the tender offer was announced.

General Dynamics said 13.2m shares were tendered at or below $72¼. It would be exercising its right to increase the number of shares to be bought and would therefore accept all properly tendered stock.

The share repurchase is part of a "plan of contraction" announced by Mr William Anders, chairman of General Dynamics, who is slimming the company to four core defence businesses and returning excess cash to shareholders.

Yokohama Rubber slips in first half

By Robert Thomson in Tokyo

YOKOHAMA Rubber, the Japanese tyremaker, yesterday said the downturn in the domestic car market had led to a decline in pre-tax profit for the first half to between Y4.5bn ($36m) and Y5bn, down from the Y5.6bn of a year ago.

Sales for the half-year to the end of June had been forecast at Y150bn, but that figure was revised to Y140bn, as the company reported slower demand for new car tyres and for replacement tyres.

Reductions in capital spending by Japanese industry also slowed sales of industrial rubber products, which account for about 21 per cent of Yokohama's total sales.

For the full year, the company revised its sales forecast from Y305bn to Y300bn, still slightly higher than the Y295bn of last year, and left its pre-tax profit forecast at Y12.3bn, down from Y12.7bn.

An increasing number of Japanese companies are having to revise profit and sales forecasts as the hoped-for recovery has not yet materialised and there are signs the economy will remain weak until early next year.

Suppliers to the leading carmakers are under particular pressure as domestic auto sales have been in decline for the past year, though Toyota Motor, the leading maker, this week said the market appeared to have touched bottom.

The strengthening of the yen in recent weeks is also likely to bruise second-half profits at manufacturers such as Yokohama, which relies on exports for about 23 per cent of sales.

Carmaker ratings under pressure

By Martin Dickson

THE CREDIT quality of the world automotive industry is likely to remain under pressure through to the mid-1990s because of slow demand for new cars, shortening product life cycles and stiffened global competition, according to Moody's, the US credit rating agency.

In its annual report on the motor industry, Moody's says there will be greater variation in the financial strength of stronger and weaker players in the US, Europe and Japan.

American manufacturers are expected to face a particularly difficult time.

The report says General Motors, Ford Motor and Chrysler face huge worker healthcare and retiree benefit costs and will continue to have significant disadvantages relative to Japanese companies which have set up plants in the US.

The Japanese share of the US car market, currently running at 31 per cent, is expected to continue rising as Japanese plants in North America gear up to full production.

However, "renewed competitiveness of US automakers, combined with the diversion of Japanese expansion in Europe, should slow the pace of Japanese expansion in North America during the second half of the decade or earlier".

The most vulnerable US manufacturer will be Chrysler, which currently has the lowest Moody's rating (B2) of any of the world's leading automobile companies.

The report says the company's recent equity sales will help support operations while the company's new LH range of cars are introduced this year.

But it adds that unless these new models "achieve strong market acceptance, a strategic alliance may prove critical to Chrysler's long-term survival".

In each of the major markets, it adds, companies must invest large sums on new models and production efficiency at a time of slow demand and increasingly global competition.

This will be a particular challenge to medium-sized manufacturers and those with primarily national sales.

The industry's average credit quality, which slipped from Moody's Aa range in the mid-1980s to A2 now, is forecast to deteriorate to A3 over the next year or two.

Victory for American in TWA gates bid

By Nikki Tait in Wilmington, Delaware

AMERICAN Airlines, one of the largest US carriers, yesterday won US bankruptcy court approval for its proposed purchase of Trans World Airlines' (TWA) three gates and 40 landing slots at Chicago's O'Hare airport.

Its victory came after United Airlines, American's big rival, withdrew a competing offer for the assets in the middle of a court hearing yesterday.

TWA, the heavily-indebted carrier owned by Mr Carl Icahn, has been operating under Chapter 11 of the bankruptcy code since January, and the need for court approval over the proposed assets sale to American gave United an opportunity to start a bidding contest.

United is based in Chicago and has an established presence at the key O'Hara hub. American, however, has been trying to expand its operations there in recent years.

United had offered a slightly higher price for the assets – notes with a stated value of $235m, against American's $211m.

However, TWA and its creditors argued that a deal with American was more likely to close quickly. Accepting a United bid, they claimed, could expose TWA to lengthy litigation with American.

Under the deal with American, TWA will get two notes – a "slot note" which will continue to act as collateral for Shawmut National Bank, and a "gate note".

TWA can ask for the latter to be "pre-paid" in cash, bringing in a much-needed $41m. The pre-payment value of the slot note is $109m.

Chip price war dents AMD income growth

By Martin Dickson

ADVANCED Micro Devices, the US semi-conductor manufacturer, yesterday reported second-quarter net income more than doubled from a year ago.

But the figure was 50 per cent lower than in the first quarter due to a computer chip price war with arch-rival Intel.

The company warned at the start of this month that sales revenue was likely to drop 15 per cent compared with that of the first quarter because of severe price pressures on 386 microprocessors.

Yesterday it reported net income of $41.45m, or 43 cents a share after preferred dividends, compared with $17.27m, or 17 cents a share, in the same period of last year, and $84.90m, or 90 cents a share, in the first three months of this year.

Revenues totalled $350m, up 18 per cent from the $296m of last year, but down 14 per cent from the first quarter's $407.4m.

Mr W.J. Sanders, chairman, said "the quarter to quarter decrease in revenues was attributable to severe price pressures in 386 microprocessors and a decline in unit volumes.

"There was an abundance of supply, coupled with fierce price-cutting by our major competitor."

He added that personal computer manufacturers were confident that supplies of 386 products would remain plentiful and had dramatically reduced their inventories.

AMD's other product lines had shown "strong growth" in the quarter.

For the six months the company reported net income of $126.35m, or $1.33 a share, compared with $21m, or 19 cents a share, in 1991. Sales rose by 33 per cent to $757.6m.

Revlon scales back stock offering

REVLON, the US cosmetics and consumer products company taken over by Mr Ronald Perelman, the corporate raider, is to scale back sharply the size of its planned common stock offering to 11m shares from 20m.

The company blamed the generally poor market conditions for equity deals, Reuter reports from New York.

Mr James Conroy, Revlon senior vice-president for corporate affairs and special counsel, said the company had also reduced the target price for the shares to a range of $14 to $15 a share from $19. This means Revlon will raise roughly $145m instead of nearly $400m originally planned.

NMI withdraws action against Foster's

By Bruce Jacques in Sydney

A POTENTIAL impediment to the restructuring of the Foster's Brewing group, the Australian brewer, has been removed with the withdrawal of legal action by the National Mutual Life Association (NML).

NML, Australia's second-biggest life office, yesterday dropped the legal action it brought last week against Wardley Australia as agent for a consortium of banks known as the Vextin syndicate.

The action challenged the appointment by BHP on June 2 of receivers to the International Brewing (IBI) group, the major shareholder in Foster's. That appointment prompted Wardley to request payment from NML of about A$105m (US$78.3m) under standby commitments on loans to IBI.

Shaky consumer confidence holds back US store sales

By Karen Zagor in New York

MANY OF the biggest US retail groups yesterday reported same-store sales increases for June that fell below the rates of improvement in April and May, while some retailers suffered a sales decline, suggesting that consumer confidence is still shaky.

The Limited, a specialty clothing chain, startled Wall Street by posting a 4 per cent fall in comparable store sales for the month ended July 4. The company's share price tumbled $⅞ to $19⅝, hitting a 52-week low. The Limited's total sales increased 9 per cent in the five weeks to $585.3m.

However, the Gap, another specialty clothing retailer, saw same store sales advance 5 per cent while overall sales rose 18 per cent to $242m.

Wal-Mart, the aggressively-expanding discount chain which is the biggest US retailer by sales, turned in an 8 per cent advance in same-store revenues compared with June 1991. The company's total sales climbed 23 per cent over the previous year to $4.28bn.

Rival discount chain K mart reported a 2 per cent advance in comparable store sales and an overall rise of 7.2 per cent, to $3.52bn.

Mr Joseph Antonini, chairman, blamed the slim sales increase on unusually cold weather in May and June. He added that there were two fewer days of pre-Independence Day sales in 1991, and the company's reporting period ended on July 1 this year compared with July 3 a year earlier.

The cool weather also hurt comparable domestic store sales at Sears Roebuck, the Chicago-based stores and catalogue group, which fell 2.6 per cent. The company said gains in clothing and home office equipment sales were offset by a decline in air conditioning and related equipment in June. Overall, sales slipped 1.7 per cent to $2.13bn.

However, J.C. Penney, the department store and catalogue group, said a successful Father's Day fuelled strong clothing sales. It reported an 11.2 per cent increase in comparable store sales while total sales rose 11.4 per cent to $1.47bn.

Other mainstream department store groups managed single-digit sales gains. Dayton Hudson saw same-store sales rise by 2.1 per cent, while May Department Stores managed a 3.3 per cent improvement and domestic comparable store sales for Woolworth edged 0.6 per cent higher.

Slowdown for South Korean car groups

SOUTH Korea's five leading carmakers saw a slowing in their sales growth for the first half of this year, reflecting the stagnant domestic market on which they rely for some 80 per cent of sales, AP-DJ reports from Seoul.

According to the five makers, Hyundai Motor, Kia Motors, Daewoo Motor, Asia Motors and Ssangyong Motor, their preliminary sales were worth a combined Won5,970bn ($7.6bn) in the first six months of this year, up 12.8 per cent from Won5,290bn in the same period of the previous year.

This represents a slowdown from a growth rate of 18.5 per cent for the whole of last year and 31.8 per cent in 1990.

The six-month sales fell short of the carmakers' goals for the whole of this year, accounting for a mere 39 per cent of the Won15,210bn goal.

Venezuelan oil group cuts spending by $1bn

By Joe Mann in Caracas

PDVSA, Venezuela's national oil company, is cutting its 1992 investment and operating budgets by more than US$1bn, according to Mr Gustavo Roosen, the company's president.

PDVSA, one of the world's largest oil companies, was forced to reduce its general budget primarily because of lower-than-expected oil prices on international markets.

However, the fact that the company must pay its owner – the Venezuelan government – a very high tax rate means funds available for capital investments are severely squeezed.

The group pays taxes in Venezuela equivalent to 82 per cent of operating profits.

In Caracas, Mr Roosen said the company's capital investment outlays would be reduced this year by around $530m, or 10.5 per cent, falling to $4.5bn, while operating expenditures would be cut by some $485m (10.2 per cent) to $4.3bn.

He also said the company so far this year had arranged international financing of $1.4bn for its investment programme, and it expected to line up another $1.2bn over the next few months.

Much of this financing for the 1992-97 capital investment programme involves supplier credits backed by government import-export institutions.

PDVSA officials have warned that the company's high tax burden would seriously harm plans for investments.

However, the Venezuelan government continues to depend on petroleum taxes for most of its revenues.

Last year, PDVSA reported total international revenues of $22.3bn. It paid over $8.6bn in taxes to the Venezuelan government that year, but reported a substantial net profit.

SNCF issue underlines demand for long maturities

By Simon London

THE appetite of investors for French franc bonds continued to draw issuers to the international market yesterday, with SNCF, the French state-backed rail company, launching an innovative FFr3bn 31-year issue with warrants.

The deal, the longest maturity Eurobond ever issued, underlined the enthusiasm of investment institutions for long-duration exposure to the French market. On Wednesday, Finland launched a FFr4bn 11-year issue.

The debt warrants, which offer investors the right to buy new bonds fungible with yesterday's issue, offer additional "geared" exposure to market.

Lead-managed by Paribas Capital Markets, the deal sold mainly to big portfolio investors in Europe. The bonds pay a coupon of 8¾ per cent and the bond-plus-warrant package was re-offered to investors at a fixed price of 98.71. At this level the paper yields 30 basis points more than the French government OAT maturing 2023.

If all the warrants are exercised on February 11 next year, when holders can buy additional bonds at 99.55, the issue will grow to FFr4.5bn. Bankers expected the warrants trade separately from the bonds, creating a liquid derivative instrument on the long end of the French market.

INTERNATIONAL BONDS

Elsewhere, the strong tone of the Australian bond market attracted borrowers. The Australian government bond market rallied overnight following the release of poor unemployment statistics. The figures increased speculation that the government will ease monetary conditions again, following a ¾ point cut in rates last week.

Credit Local, the financing agency for French local government, launched a A$250m five-year global bond issue, which can be traded in both domestic and international markets. The deal, lead-managed by Hambros, carries a 7½ per cent coupon and was priced to yield 20 basis points more than Australian government bonds of the same maturity. The bonds are used by many institutional investors as a proxy for government debt.

Hambros also lead-managed a A$125m, 10-year issue for Banque Nationale de Paris. The bonds carry a higher 9 per cent coupon and attracted primarily retail investors. Another retail-targeted deal was launched by Guinness Finance, lead-managed by NatWest Capital Markets. The 8.25 per cent six-year bonds were priced to yield 53 basis points more than government paper. Both deals were seen as tightly priced by participants, but likely to sell over time.

The Canadian dollar sector has also rallied this week, spurred by an agreement between the provinces on constitutional reform. Eurofima launched a C$150m three-year issue, lead-managed by Goldman Sachs International. The top triple-A credit rating of the issuer attracted investors, despite the low 6½ per cent coupon on the bonds.

The World Bank fixed a 5⅞ per cent semi-annual coupon and 99.425 issue price on its $1.5bn five-year global bond issue launched on Wednesday. At this level the bonds yield 5 basis points more than US treasury bonds, at the lower end of the indicated range.

● Salomon Brothers yesterday launched the first warrants on loans to Poland. The warrants give investors the right to buy loans covered by Poland's debt deferral and restructuring agreement (DDRA) with its principle commercial creditors at 26 per cent of face value. Yesterday, Polish DDRA debt was trading just above this level in the secondary market.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
FRENCH FRANCS						
SNCF(b)♦	3bn	8¾	98.71	2023	50bp	Paribas Cap.Mkts.
AUSTRALIAN DOLLARS						
Crdt.Local de France(c)†	250	7½	98.698	1997	¼	Hambros Bank
BNP(a)†	125	9	100.05	2002	2⅛/1½	Hambros Bank
Guinness Finance BV(a)†	75	8.25	101.80	1998	2/1½	NatWest.Cap.Mkts
CANADIAN DOLLARS						
Eurofima(a)†	150	6½	100.8625	1995	1¼/1⅛	Goldman Sachs Intl.
SWISS FRANCS						
EIB(d)†	150	7¼	102	2002	-	SBC

★★Private placement. §Convertible. ♦With equity warrants. ‡Floating rate note. †Final terms. a) Non-callable b) Each bond carries one warrant. Two warrants buy one new bond fungible with the original deal at a price of 99.55 exercisable on 11/2/1993. c) Coupon payable semi-annually. Part of a A$750m registered bond programme. d) Callable after 8 years at 101.

Bond 'bridge' delayed

By Richard Waters

THE launch of the link between Euroclear and Cedel, the two international bond settlement houses, has been delayed for at least two months due to technical problems.

The so-called "bridge", which was finally agreed in March after prolonged and at times acrimonious discussions between the two sides, was to have been launched on October 9.

In a joint statement, the two said yesterday that problems in early tests of the system had forced them to delay full tests.

The launch is now planned for early December, though no exact date has been set.

"We're getting into areas of multiple processing we haven't done before," said Euroclear. "We thought it was best to let the market know as early as possible."

● Cemex, the Mexican cement company which is bidding $1.25bn for its Spanish competitor Valencia de Cementos Portland, will have its Ba2 senior credit rating reviewed for possible downgrade by Moody's Investor Service, the US credit rating agency, Simon London writes.

Bundesbank casts shadow over German paper

By Simon London and Richard Waters in London and Patrick Harverson in New York

GERMAN government bonds fell back yesterday as market participants speculated that the Bundesbank could move to tighten monetary conditions at next week's regular bi-weekly council meeting.

GOVERNMENT BONDS

In the cash bond market, the 8-per cent Unity bond maturing January 2002 closed at 100.16, from 100.28 on Wednesday, for a yield of 7.96 per cent. On the London international financial futures exchange, the September bund contract closed at 88.05, from 88.09 at the opening. Volume was heavy at nearly 60,000 contracts.

Most analysts said the authorities were unlikely to raise interest rates across the economy. However, it is possible that the central bank will tighten money market conditions.

For example, some traders suggested that the Bundesbank could limit the amount borrowed by banks at the Lombard rate – at 9.75 per cent, the emergency funding rate for financial institutions.

Alternatively, the Bundesbank could nudge the Lombard rate higher but stop short of raising the discount rate.

In the past, the authorities have presented such action as a purely technical move, because overnight call money is trading too close to the Lombard rate. Yesterday, overnight money was trading at 9.61 per cent.

■ THE ITALIAN government bond market was volatile yesterday as traders took positions ahead of meetings today at which ministers will try to reach agreement on budgetary cuts.

On the Liffe, the September bond futures closed at 95.69, little changed from the opening level, but slid to 95.38 during the day. In the cash market, the 10-year benchmark fixed rate government bond also closed little changed at 95.20.

The government is committed to cutting L30,000bn from this year's budget in order to hit a deficit target of L128,000bn.

Treasury officials denied rumours that the government is considering raising withholding tax by half a point to 13 per cent, but analysts said that some tax increases were likely.

■ LONGER-dated UK gilts recovered some of their composure yesterday, shaking off some of the effects of sterling's slide this week and rumours yesterday that the next move in German interest rates might be up rather than down.

Shorter-dated bonds edged up only slightly, reflecting the greatest unease. The 10 per cent bonds due 1994 advanced by 1/32 percentage point, to 101¼. Longer-dated issues, however, performed more strongly, with the 9 per cent gilts due 2011 gaining ¾ of a point to 101 1/32, a yield of 8.77 per cent.

■ US Treasury prices fell for the second consecutive day as the government securities market continued to digest the $9.77bn in new seven-year notes sold on Wednesday.

By midday, the benchmark 30-year government bond was down ⅜ at 104¾, yielding 7.618 per cent. The two-year note was also lower at mid-session, down ⅛ at 101 1/32, yielding 4.414 per cent.

Although the seven-year auction went relatively well, dealers have had to sell securities at the shorter end of the maturity range to make way for the new issue. Sentiment was also not helped by a 4,000 fall in weekly state unemployment insurance claims, although the decline was in line with market expectations.

Analysts said prices had fallen as part of a general consolidation in the market of last week's strong gains, achieved before and after the Federal Reserve cut interest rates in response to an extremely weak June employment report.

■ JAPANESE government bonds closed in Tokyo little changed from Wednesday's levels following a late rally.

The benchmark No 129 issue closed on a yield of 5.18 per cent, from 5.2 per cent on Wednesday.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		10.000	10/02	105.1880	-0.264	8.77	8.79	8.95
BELGIUM		9.000	08/01	101.1000	-	8.81	8.85	8.89
CANADA *		8.500	04/02	104.5500	-0.450	7.82	8.00	8.32
DENMARK		9.000	11/00	99.8000	-0.100	9.02	9.02	8.93
FRANCE	BTAN	8.500	03/97	98.0188	-0.145	9.01	8.95	8.93
	OAT	8.500	11/02	98.3400	-0.070	8.75	8.72	8.74
GERMANY		8.000	01/02	100.1600	-0.060	7.98	7.96	7.90
ITALY		12.000	05/02	95.1900	+0.010	13.28†	13.44	13.26
JAPAN	No 119	4.800	06/99	96.9432	-0.024	5.40	5.38	5.76
	No 129	6.400	03/00	105.5973	+0.086	5.20	5.19	5.51
NETHERLANDS		8.250	02/02	99.7100	-0.080	8.28	8.27	8.29
SPAIN		11.300	01/02	98.1800	+0.030	11.58	11.74	11.49
UK GILTS		10.000	11/96	103-05	+6/32	9.08	9.11	9.25
		9.750	08/02	104-28	+9/32	9.00	9.04	9.18
		9.000	10/08	101-22	+12/32	8.80	8.83	9.03
US TREASURY *		7.500	05/02	104-02	-7/32	6.92	6.92	7.30
		8.000	11/21	104-13	-6/32	7.62	7.64	7.84
ECU (French Govt)		8.500	03/02	97.3000	-0.110	8.92	8.89	8.97

London closing, *denotes New York morning session. Yields: Local market standard. † Gross annual yield (including withholding tax at 12.5 per cent payable by non-residents.) Prices: US, UK in 32nds, others in decimal. Technical Data/ATLAS Price Sources

The return of a rare breed

Richard Waters on London's newest bond broking house

AGENCY brokers are a rare breed in the bond markets. Fund managers have grown accustomed to dealing without commissions, trading at net prices with banks which act as underwriters and market-makers as well as brokers.

But a growing band of specialists believes that it is time to bring back traditional independent broking skills to the fixed-income markets.

The latest bond broking house to emerge, the London Bond Broking Company, was announced yesterday in London. It is not alone: bond broking houses set up so far in the 1990s include Luthy Baillie Dowsett Pethick and Sebbco in London, and Bridport in Geneva. All three were created on the same assumption: that investors will be prepared to pay for independent advice in a market where they have received research and advice "free" up to now.

London Bond Broking is run by three former employees of Phillips & Drew, including Mr Stephen Lewis, a respected economist who left in 1988 to run his own research house.

The company is 55 per cent owned by Albert E Sharp, a Birmingham-based broker. Sharp scored a big success in the late 1980s when it was one of the backers of Sharelink, one of the new breed of execution-only brokers set up to deal for retail investors, and it reckons it has picked another winner, given the growing interest of UK institutions in the bond markets.

"The age of the bond ... has finally arrived," said Mr Lewis yesterday. It was not long ago that the bond markets faced an uncertain future, as governments cut their fiscal deficits and companies found banks queueing up to lend them money at ludicrous rates. Investors prefered the racy profits apparently offered by the equity markets. That has all changed, says Mr Lewis – a view supported by recent pronouncements from institutions like Norwich Union and Legal & General, which have turned their attentions to the fixed-income markets.

Commission levels, though, are unlikely to return to what they were before the Big Bang reforms which swept them away. London Bond Broking, which will focus initially on government bond markets, plans to charge 1/16 per cent, well below the ⅛ per cent that was once standard on bond trades.

Higher commissions are available outside the government bond markets. Luthy Bailey, which specialises in less-heavily traded bonds, charges up to 1 per cent, though commissions average 0.1 per cent – still below the standard 0.2 per cent payable in the equity market.

Boscher to be wound up

BOSCHER, the 53 per cent-owned stockbroking unit of French state-owned bank Banque Nationale de Paris (BNP), is to be wound up, Reuter reports from Paris.

Mr Georges Chodron de Courcel, BNP finance director, yesterday said BNP and Alain Boscher, representing minority shareholders of Boscher, would sign the "friendly" wind-up of the company shortly.

Mr Alain Boscher, who wants to continue in the business, will be given first right of refusal on the repurchase of the company's assets after a value has been set. If he declines, other buyers will be sought, Mr Chodron de Courcel said.

The company manages assets of some 4,000 clients, which total about FFr3.5bn ($500m). Mr Chodron de Courcel said the company could be valued at FFr5m to FFr50m.

Boscher, which employs 72 people, has made an operating loss of around FFr4m since the start of this year after a net profit of FFr10m in 1991.

MARKET STATISTICS

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:00 pm on July 9

Issue	Issued	Bid	Offer	Chg. day	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate. C.cpn=The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

* No information available - previous day's price
† Only one market maker supplied a price

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	52	13	17
Other Fixed Interest	10	0	5
Commercial, Industrial	250	310	881
Financial & Property	143	131	520
Oil & Gas	19	24	44
Plantations	0	0	9
Mines	38	25	87
Others	46	31	55
Totals	558	534	1,618

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1992 High	1992 Low	Stock	Closing Price p	+or-	Net Div.	Times Cov'd	Gross Yield	P/E Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1992 High	1992 Low	Stock	Closing Price £	+or-
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1992 High	1992 Low	Stock	Closing Price p	+or-
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LIFFE EQUITY OPTIONS

Option		Calls			Puts		
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

July 9 Total Contracts 31,998
Calls 15,215 Puts 16,783
FT-SE Index Calls 5,154 Puts 4,275
Euro FT-SE Calls 2,170 Puts 32
*Underlying security price. † Long dated expiry months. Premiums shown are based on middle prices.

TRADITIONAL OPTIONS

- First Dealings July 6
- Last Dealings July 17
- Last Declarations Oct. 1
- For settlement Oct. 12

3-month call rate indications are also shown on this page.

Calls in BTR warrants '93/94 and '94/95 series, BP, British Biotechnology, Etam, Kwik-Fit, Medeva, Premier Cons., Quadrant and Tarmac. Puts in Euro Disney and Medeva.

TRADITIONAL OPTION 3-month call rates

	p								
■ INDUSTRIALS		Charter Cons.	37	Ladbroke	18	Sears	8½	■ OILS	
Allied-Lyons	49	Comm Union	34	Legal & Gen	29	Smkl Bchm A	60	Aviva Pet	25
Amstrad	6	Courtaulds	43	Lex Service	22	TI	55	BP	18
Astec (BSR)	3	Eurotunnel	32	Lloyds Bank	32	TSB	11½	Burmah Castrol	48
BAT Inds	58	FKI	6	Lonhro	12	Tesco	22	Conroy Pet	6½
BOC	53	FNFC	7	Lucas Inds	12½	Thorn EMI	63	Gaelic Res	½
BTR	35	Forte	19	Marks Spencer	27	T & N	11½	Premier Cons	2¼
Barclays	29	GKN	33	Midland Bank	30	Unilever	70	Shell	35
Blue Circle	24	Gen Accident	38	NatWest Bank	26	Vickers	15	Tuskar Res	½
Boots	34	GEC	17	P & O Dfd	37	Wellcome	75	■ MINES	
Bowater	60	Glaxo	52	Racal Elect	5½	■ PROPERTY		RTZ	47
Brit Aerospace	28	Grand Met	38	RHM	18	Brit Land	18		
British Steel	7	GRE	13	Rank Org	55	Land Sec.	30		
BT	25	Hanson	18	Ratners	3	MEPC	28		
Cadburys	38	ICI	95	Reed Intl	44	Mountleigh	1½		

Davy holders likely to lose £54m payment

By Roland Rudd

DAVY Corporation shareholders yesterday lost any hope of receiving the remaining £54m, or 45p a share, due under the successful takeover of the company by Trafalgar House, the engineering and construction group.

Midland and Scottish Resources, reporting a £46.4m pre-tax loss for 1991, said it was unlikely to fulfil conditions set by Trafalgar enabling Davy shareholders to be paid the money due to them.

Trafalgar made payment to Davy shareholders conditional on MSR, the oil production company, completing the purchase from Davy of the Emerald Producer offshore rig.

But Mr Jon Hawksley, MSR managing director, said it was now "very difficult" to see how his company could obtain a Section 10 ship certificate from the Department of Trade necessary to complete permanent finance of the rig.

"We could only achieve this if oil production from the rig was in excess of our estimates" he added.

Nor is MSR likely to be able to draw upon the £118m letter of credit with the project's bankers.

Instead Trafalgar will lease the Emerald to MSR for $65,000 (£34,200) a day.

Trafalgar said the annual £12.3m leasing fee would barely cover its interest costs on the assets and the depreciation of the rig.

MSR has been offered an option to buy the rig from Trafalgar but after reporting the loss, which compared to a pre-tax profit of £7.8m, it is unlikely to exercise the option.

The loss was struck after a £37.5m exceptional charge relating to the delay in completing the rig.

The project has taken three years instead of the anticipated 20 months.

Therefore MSR was not able to receive revenue from production this year while paying its 100 strong project management team working on the rig.

Mr Hawksley said initial oil production was now imminent.

Losses per share of 22p compared to earnings of 5p. Turnover rose from £2.9m to £5.9m. The cost of sales increased from £2.6m to £10.3m.

NatWest Bancorp continues to recover

By David Barchard

NATIONAL WESTMINSTER Bancorp, the US subsidiary of National Westminster Bank, continued to show a strong improvement in the second quarter of the year and is on course for profits of $120m (£63m) for the year.

Mr John Tugwell, chairman, said yesterday that he expected NatWest Bancorp to have even better results in the third quarter and to make profits of about $120m this year.

The bank's net profit of $35.8m in the second quarter to end- June compares with a $85.1m loss in the same period a year ago. The second-quarter result was also up on the first-quarter profit of $30.3m.

NatWest Bancorp believes it has overcome its problems with bad loans to the New Jersey property market. These left it with cumulative losses of $860m since 1989.

"We have turned the corner and the worst is over," said Mr Tugwell, adding that he was pleased the bank had kept its costs steady and maintained good margins on its lending. "The core deposit side is really excellent with a 10 per cent increase in demand deposits."

There was a charge of $30.5m for loan losses during the quarter, down from $134.7m in the same quarter a year ago. The charge for the six-month period was $61m, down from $356.6m a year ago.

The bank's total allowance for loan losses is now $657.5m, 60 per cent of its non-performing loans, or 4.63 per cent of its total loan book at June 30.

At the end of June, its total assets were $22.17bn, up from $21.97bn a year earlier.

Mr Tugwell said plans to build up the bank's retail deposit base were going well and the bank was making steady progress in finding new customers in ethnic areas.

Although the bank has shed some unprofitable branches it has also opened new ones and wants to buy branches to expand its network of 270. It is also interested in buying any credit card businesses which come on the market.

Scottish Hydro ahead 35% to £125m

By David Lascelles, Resources Editor

A SHARP increase in sales south of the border enabled Scottish Hydro-Electric to achieve a strong increase in profits in its first year since flotation.

For the 12 months to March 31 profits at the pre-tax level rose 35 per cent to £125.3m on a pro forma basis.

A proposed final dividend of 6.91p makes a 10.16p total – a level covered 2.5 times by earnings of 25.3p.

Total sales of electricity and related services rose 18 per cent to £638m. But within this, sales to England and Wales were up 58 per cent at £116.8m reflecting the group's strategy of targeting the non-Scottish market for its fastest growth.

A portion of the rise in profits also came from lower than expected fuel costs. High rainfall enabled the group to draw more heavily on its hydro resources, while oil costs fell slightly. Against this there were higher coal and nuclear costs.

The retail business saw turnover rise 9.3 per cent to £29.4m, where it yielded a profit of £1.2m – a small rise on the previous year.

Sir Michael Joughin, chairman, said the reported level of profits was necessary to improve the group's power stations and distribution network.

Mr Roger Young, chief executive, said there were a number of projects in the pipeline that would add to profits in the years ahead.

These included the start-up of the flow of low-cost gas from the Miller field to the group's plant at Peterhead later this year, improvements in the electrical connections with England over the next two years and the start-up in early 1995 of its joint venture power station with Norweb at Keadby in south Humberside.

Mr Young said the group's aim was to raise its dividend by 6 to 8 per cent in real terms at least until the regulatory review of electricity pricing in 1995.

● COMMENT

The result was slightly better than market expectations but the shares closed 5p lower at 199p. One reason was that Scottish companies have always commanded a premium in the market because of their stronger image and the tighter terms on which they were launched. But the result also contained hints of possible limits on future growth. Analysts felt that the profit "kickers" that management has talked about in the past – like Miller gas – could be less powerful than once thought. Emission controls will also define the expansion of output. Next year's profit growth will be much more modest, possibly only in single figures, emphasising that the first flush of privatisation is over. The prospective multiple is about 10.5.

Harland Simon's £6.3m loss triggers plunge in share price

By Angus Foster

HARLAND Simon, the control systems specialist which saw its shares plunge from 585p to 79p following a February profits warning, yesterday watched as they dived again, losing 28p to close at 40p.

The company announced a number of exceptional items which resulted in pre-tax losses of £6.32m for the year to March 31, compared with profits of £9.88m.

The accounts were also qualified by accountants Price Waterhouse. The company said it was a "technical qualification" about ownership of shares in a lossmaking information network company, PIL.

Mr David Mahony, who returned as chairman in February following the resignation of Mr Roy Ashman, said the issue would soon be resolved and Harland Simon would own 67 per cent of PIL. Mr Ashman has refused to sell a 27 per cent stake he retained in PIL.

Exceptional provisions of £5.1m were taken to cover all money owed by PIL to Harland Simon. A £500,000 investment by Harland Simon's pension fund in PIL will also be reimbursed and has been included in the provision.

Other exceptional costs totalled £3.57m and included a £300,000 pay-off to Mr Ashman, and bad debt provisions of £1.6m which included disputed payments due from two companies controlled by the late Mr Robert Maxwell.

A sell off of non-core businesses is underway, and shareholders' approval is being sought for the £8.1m disposal of Vickerys, a blade and screen maker. Harland also said it was in discussions to sell Contraves, which was acquired last year, and the lossmaking Pro-Aqua and NEF.

Following these sales, Mr Mahony said net borrowings would fall from £11.8m to "very low levels".

There was a loss per share of 36.5p (earnings 38.6p). In the February profits warning, the company promised to maintain its final dividend. However, the exceptional provisions almost used up distributable reserves, and there is no final dividend.

Sales were £81.8m (£75.7m) due to inclusion of Contraves. But administration expenses rose to £11.8m (£7.96m).

● COMMENT

Now that Harland's market capitalisation has fallen from over £100m to just £7m, the easy conclusion is that it is either a screaming buy or a basket case. The difficult bit is which. Assuming the confusion about PIL is cleared up in the accounts, which the company is promising, and the various disposals go through, its longer-term viability looks secure as a much diminished company, possibly facing break-up. But despite protestations to the contrary, sales this year must be hit by Harland's very public problems. Analysts, who were not impressed by their meeting with the company yesterday, are guessing on profits of between nothing and £2m. The optimistic figure gives a multiple of 5, although any dividend must depend on disposals. With so much up in the air, only rich speculators need pay attention at this stage.

Overseas sales behind 32% improvement at Domino

By Andrew Bolger

STRONG OVERSEAS sales helped Domino Printing Sciences, the Cambridge-based manufacturer and distributor of industrial ink-jet printers, increase pre-tax profits by 32 per cent, from £3.43m to £4.54m, in the six months to April 30.

Turnover rose 17 per cent to £30.9m, although UK sales were flat at £5.25m (£5.29m). Domino said the corresponding period had benefited from strong legislative-driven demand for new food labels, and buying decisions had been delayed in the run-up to the general election.

Order levels had since improved and a contract to supply the Royal Mail with ink-jet machines starts in July.

Elsewhere in Europe, the growth pattern had generally been very positive. Business in Germany, France, Spain and Italy continued to be encouraging in spite of reduced legislation-driven demand.

US sales grew by 23 per cent, mainly from further commercial printing installations. The range of JetArray Elan and JetAddress printers had sold well, with one customer placing a $2.3m (£1.2m) contract for delivery of 37 JetArrays before September of this year.

So far a limited part of last September's £15.5m rights issue has been applied to the development of the German business and setting up support offices in Singapore and Dubai. The group had also examined a number of acquisition opportunities, but none had proved sufficiently attractive.

Mr Gerald Dennis, chairman, said: "The growth achieved in the first half is continuing into the second half. The order book is very strong and both assembly plants are working extra hours."

Interest income was £876,000 compared with a payment of £19,000 last time. Earnings per share rose to 11.46p (10.58p). The interim dividend is lifted by 14 per cent to 2.4p (2.1p).

Receivers called in at Colorgraphic

By Maggie Urry

Colorgraphic, the advertising and direct mail group, has gone into administrative receivership. The company had been in talks with its bankers after breaching banking covenants.

Mr David Lovett and Mr John Talbot of Arthur Andersen have been appointed joint receivers and hope to sell the company as a going concern. Analysts said it looked unlikely that shareholders would recoup any of their investment.

Colorgraphic's shares were suspended at 25p on June 30, valuing the company at £4.2m. On the same day Mr Nick Winks, chief executive, and Mr Alan MacLeod, marketing director, left the company. Mr Ron Welch, founder and executive chairman, resumed the chief executive's role. He was not available for comment yesterday.

The company incurred a pretax loss of £2.3m in 1991, blaming the recession. The 1991 accounts, published in March, received an unqualified auditors report. Net debt and finance lease obligations totalled £5.8m compared to shareholders funds of £8.8m.

Mr Welch, who holds 27.5 per cent of the shares, said in the annual report that the board was confident it was "very well placed to resume growth again in 1992". The report also showed that four leading institutions held significant stakes in the company.

Analysts were surprised by the speed of the downfall. One said "it is hard to reconcile the year end position and the position now".

Earlier this week Colorgraphic put two of its subsidiaries into receivership. Its US and Dutch subsidiaries and The Decisions Group, its 50 per cent-owed UK associate, are not in receivership.

Taunton Cider flotation faces mixed prospects

By Richard Gourlay

TAUNTON CIDER, the next flotation that the public has to consider after furniture retailer MFI's offer closes today, would appear to have a lot going for it.

The £78.5m share offer is an opportunity for investors to enter one of the few growth areas in the drinks market; cider sales have been growing consistently over the last five years, whereas the overall beer market is shrinking; and Taunton has also been sneaking market share from its larger and already quoted competitor, Bulmer Holdings.

Of more questionable merit, Taunton also has an enviable record of introducing new brands, particularly in the higher margin premium end of the market - new brands carry a higher risk of failure as well as higher growth potential if they take off.

At 140p, however, the issue is not cheap as it comes to the market at 15.1 times its historic earnings, and at about the same level as established Bulmer. Half the 58.39m shares on offer have already been placed with institutions and the balance underwritten at this price.

But what appears to be emerging from the gloom of a nervous market and the poor public demand in The Telegraph Group and Anglian flotations is a retail investors' strike now that the sale of shares through book-building has effectively killed off the stags.

In the long term Taunton, like Anglian and MFI, is no doubt a sound investment in good management and a growing market. But even if Taunton were priced as a good buy, which it is not, there seems little to be lost from waiting to see how the aftermarket develops rather than clawing back shares from the underwriters.

Reg Vardy slips to £4.11m but raises pay-out

By Peter Pearse

REG VARDY, the multi-franchise motor dealer, lifted its dividend by 11 per cent for the year to April 30.

Mr Peter Vardy, chairman, said this reflected the board's confidence despite a slip in profits from £4.37m to £4.11m pre-tax and in turnover from £182.6m to £177.5m.

Again the best news came from the after-sales operations. Service, parts and bodyshops contributed 46 per cent to group gross profits, up from 43 per cent last time.

The long-predicted revival in new car volumes "failed to materialise", he said. The company sold 23,090 cars in the period – 150 more than previously – and 63 per cent of these were volume used cars. It sold 14,540 new volume cars.

However, Mr Vardy said used car sales had been hit by the drop in new car sales in the past two years which had limited supplies.

October's £12.9m placing and open offer – reducing Mr Vardy's stake to 53 per cent – enabled the company to acquire more dealerships. It now has 21 representing 13 franchises as well as two MotorZone used car centres.

Gross profits rose to £24.5m (£23.1m), but were more than offset by operating expenses up £2m at £19.5m. Interest charges fell to £826,000 (£1.24m).

The final dividend is lifted to 2.7p for a total of 4p (3.6p), payable from earnings of 7.8p (9.4p), diluted by the increased number of shares in issue.

Abaca in discussions with possible buyer

Abaca Group, the USM-quoted motor trader and property concern formerly known as Zurich Group, is in discussions which might lead to an offer being made for its share capital.

It said that any offer would value its shares at or about the current level of net assets per share which are substantially below the current share price. Abaca's shares fell 1p to 1½p yesterday.

Jarvis Porter moves into beer mats with £8.5m buy

By Angus Foster

JARVIS PORTER, which prints labels for spirits and consumer products, is moving into beer mat printing with the purchase of the promotional products division of James Wilkes, the specialist engineer which earlier this year fought off a hostile bid from Petrocon.

Jarvis is paying £8.5m cash and taking on £2.9m debt within the division, which includes John Quarmby in the UK and Waterlomat in Belgium. These companies account for about a third of European beer mat production, estimated at 4.5bn units a year.

Jarvis will pay for the acquisition through a placing and offer by Hill Samuel at 138p a share on a 3-for-8 basis. The issue will raise £11.97m to cover the acquisition, repayment of debt and costs.

Jarvis's shares fell 5p to 143p while James Wilkes shares were unchanged at 124p.

Mr Arthur Watt, Wilkes's chairman, said the sale was another step to reducing borrowings, as promised during the Petrocon defence. Following the disposal, gearing would fall from 164 per cent at the year-end to about 90 per cent, he said.

The division accounted for about 25 per cent of Wilkes's turnover last year.

The division made pre-tax profits of £1.29m in the year to December 31 on turnover of £11.8m. However, this included a £567,000 management charge payable to Wilkes which Jarvis believes no longer necessary.

All the shares were placed yesterday. Certain directors agreed not to take up the offer, and their shares have been placed firm with institutions.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Burtonwood ....fin	3.75	Aug 21	3.54	4.45	4.24
Domino Printing ......int	2.4†	Sept 9	2.1	-	6.25
Eurocamp ....int	3.45	Aug 27	-	-	5.5
Harland Simon ....fin	nil	-	5.5	2.25	7.5
Jurys Hotel ....fin	3♣	Sept 3	3	5	5
Kershaw (A) ....int	9	Sept 21	9	-	27
Lister ....fin	0.1	Oct 30	0.1	0.1	0.1
Microgen ....int	2.2	Aug 21	2.2	-	7
Rank Org ....int	10.25	Sept 21	10.25	-	31
Scottish Hydro ....fin	6.91	Oct 30	-	10.16	-
Stanley Leisure ......fin	3.3	Sept 14	3.05	5.2	4.85
Stewart & Wight .....fin	120	-	105	120	105
Symonds Eng ....fin	0.7	Aug 21	0.7	1	1
Vardy (Reg) ....fin	2.7†	Oct 1	2.4	4	3.6

Dividends shown pence per share net except where otherwise stated. †On increased capital. §USM stock. ♣Irish pence.

Channel Tunnel Invests severs links with past

MR PHILIP LING, chairman of Haden MacLennan, is leading a new management team as Channel Tunnel Investments breaks the last links with its past.

The company, incorporated in 1881 to promote the building of a tunnel between England and France, is raising £1.5m by a placing and rights issue, acquiring Carflow, which supplies car and truck locking wheel nuts and other security products, and changing its name to Channel Holdings.

It is planned to develop the company into an industrial group by acquisitions.

In the year to March 31 Carflow reported pre-tax profits, before exceptional items, of £572,000. Channel is paying an initial £2.25m with a further profit-related maximum payment of £300,000.

Channel is making a conditional placing of 6m shares and an underwritten rights issue of 2.93m shares on a 2-for-1 basis at 20p, against a suspension price of 46p. Of the proceeds £1.38m will be used to pay part of the Carflow consideration with the balance for working capital.

Most of the present board is retiring, leaving only Mr Patrick Rogers who becomes chief executive. He is joined by Mr Ling as chairman, Mr Barry Treacy, executive director and Mr Desmond Mitchell, finance director.

For the 1991 year Channel Tunnel Investments reported a pre-tax loss of £10m (£806,000 profit). Losses per share were 0.8p (earnings 0.04p). At December 31 net assets were £225,000 with net assets per share of 15p.

Walbrook issues survival plan

By Andrew Jack

WALBROOK INSURANCE, a subsidiary of London United Investments which is in administration, has a balance sheet deficit of £170m, the directors told major policyholders at a meeting in Chicago yesterday.

Walbrook, which stopped paying claims on May 29 after having made additional reserves which gave it net negative worth, urged policyholders to accept a plan to keep the company out of liquidation.

Under the proposal, the largest policyholders would receive 100 per cent of claims on condition of returning 60 per cent in subscription for redeemable preference shares in the company.

The shares would carry no dividend and be redeemable in 2012, on pain of a shareholder vote to wind up the company. They would rank above the rights of current shareholders.

Large policyholders – those which have above $1m in potential outstanding claims – number 200 in the US and UK. To approve the plan, enough will have to vote in favour to cover the value of the net liabilities and a reserve.

There are more than 200,000 total policyholders. However, small policyholders would be paid in full and not be required to subscribe to the shares. Claims settled but not paid by May 29 would also be paid in full. Letters of credit and valid set-offs would be honoured.

The directors of Walbrook – Sir Ian Morrow, Professor Ian Percy and Mr Bill Goodier – would remain in charge, which they said would allow greater flexibility and avoid the costs of liquidators fees.

"This plan maximises value for the policyholder, while protecting the company's major asset," Sir Ian said yesterday. He called the plan a "unique effort" to avoid the risk of becoming "deadlocked in complexities".

The policyholders were urged to sign non-binding agreements on or before July 24, which would allow the scheme to come into operation towards the end of the year.

If the plan fails, the company faces the prospect of a formal scheme of arrangement, or provisional or full liquidation.

Walbrook has estimated gross liabilities of more than £900m, and undiscounted claims of £1.3bn.

Independent News ups Australian stake

Independent Newspapers, the Irish publishing group, has increased its indirect interest in Australian Provincial Newspapers from 8.3 per cent to 20 per cent.

Following approval by the Australian government, Independent exercised its option to purchase 2.1m shares in Kelsal for A$20.5m (£8m).

Eurocamp on target with 15% volume rise

By Maggie Urry

EUROCAMP, the self-drive camping holidays group which went public a year ago, said its 1992 season bookings had been up to target, with volumes more than 15 per cent ahead.

Mr Tom Neville, chairman, said that margins would be slightly lower, so profits growth would not match sales increases.

The group also announced the expected pre-tax loss of £4.96m (£5.25m) for the six months to April 30 on sales of £450,000 (£164,000).

The interim dividend is 3.45p, which is 15 per cent up on the notional dividend the group would have paid had it been a quoted company at the time.

Mr Neville said the French lorry drivers blockade had not prevented most of the group's customers reaching their destinations. Cancellations had not risen, although bookings had been affected since the blockade began.

However, more than 95 per cent of bookings had already been taken. Mr Neville said he did not expect a material affect on profits.

EuroDisney bookings were running at about 70 to 75 per cent of capacity, which would give a broadly neutral impact on profits.

Jeyes seeks clean growth on the continent

Richard Gourlay reports on BP's sale of its 75% stake in Globol

JEYES, the cleaning products group, has announced a expansion into continental Europe that will take sales from £61m to £100m and elevate the company from the Unlisted Securities Market to a full listing.

The group is paying DM52.2m (£18.1m) for Globol, a 75 per cent owned subsidiary of BP which is based in Neuberg and makes domestic insecticides, lavatory cleaners and air fresheners.

The acquisition will be financed through a 3-for-7 rights issue underwritten by Barings at 365p, an 85p discount to Jeyes closing price.

The deal marks a turning point for both Jeyes, which emerged from Cadbury Schweppes in a 1986 management buy-out and BP.

BP's sale of its 75 per cent stake fits with its new strategy of selling peripheral activities and returning to the core business of oil exploration and development. Late last year BP approached Mr Jimmy Moir, the managing director who led the Jeyes buy-out, with the idea of the sale.

For Jeyes, which has grown rapidly since the MBO and has traded for much of that time with Globol, the expansion provides a timely new business area to develop.

Jeyes' bleach and disinfectant divisions are currently responsible for about half of its sales. Its Parozone bleach brand is among the market leaders in domestic bleaches and Jeyes fluid is the clear leader in disinfectants. Both markets are mature in the UK and both shrank in volume terms last year due to the recession. By comparison its automatic solid block lavatory cleaning materials business is growing rapidly.

The group has commited large amounts of research and development to developing blocks for cisterns and sticks for the inside of lavatory bowls. It has lifted its market position to just behind Reckitt. Japan, in particular, has shown dramatic growth where two years ago there was no market.

Nevertheless, to secure a longer term future, Jeyes recognised the need to generate more cash and higher margins through the development of other business areas and through international expansion.

Not that the group has been unsuccessful since the buy-out and its arrival on the USM two years later. Mr Moir sold the plastic bottle blowing facility and withdrew from distribution, thereby easing the demands on capital and reducing exposure to risks not directly related to the main business.

Operating profits rose from £1.77m in 1987 to £4.93m last year on sales doubled at £61.76m. Earnings per share grew in 1991 by 20 per cent to 19.6p, despite the recession.

Jeyes bought Rufus Forpackings of Sweden last year, expanding Jeyes in the moist wipes market which has been the fastest growing grocery category in the UK for the last two years.

Jimmy Moir: reversing decline in margins

But while wipes is a promising area, Jeyes still needed a more substantial new business leg. It hopes Globol will provide it.

The acquisition will add domestic insecticide and air freshener products and immediately give Jeyes direct access to the German market. The company will also gain a more sophisticated research and development facility.

Once Globol is assimilated Jeyes' dependence on its bleach and disinfectant output will be much reduced. Of the combined sales of about £100m some 30 per cent will come from lavatory cleaners, 17 per cent from bleaches, 16 per cent from insecticides, 14 per cent from disinfectants and 10 per cent from wipes.

Mr Moir believes the greatest immediate opportunity is to reverse the decline in Globol's operating profit margin. In 1988 it stood at 10 per cent. The following year it had fallen to 8 per cent and by last year it was 3 per cent as a result of overheads rising faster than sales and a dramatic increase in marketing expenditure.

That compares with 8 per cent for the Jeyes businesses, a level which Mr Moir does not think is yet adequate to sustain internally financed growth.

Mr Moir has one distinct advantage in tackling the assimilation of Globol. The Jeyes which he bought from Cadbury has certain similarities with Globol under BP; both had tired brands, runaway overheads and sometimes lacked the tight financial management displayed by smaller companies driving for earnings per share growth.

While Jeyes has not trumpeted the fact, Globol will be faced with some stringent financial targets not known since it was run by the family of Mr Fritz von Philipp, the holder of 25 per cent of the stock. He is selling the stake to Jeyes and joining the main Jeyes board.

Mr Moir is confident Jeyes' growth will continue rapidly this year. Yesterday he confirmed that both sales and market share were growing in the UK and that the board intended to declare an interim dividend of 3.1p, up 19 per cent on last year.

NEWS DIGEST

Burtonwood falls 18% to £4.62m

BURTONWOOD Brewery announced an 18 per cent decline in profits, from £5.6m to £4.62m pre-tax, for the year to March 31.

However, the Cheshire-based company pointed out that after stripping out one-off disposal profits in the previous year, the pre-tax line showed an increase of 21 per cent.

Turnover amounted to £44.7m (£44.5m) although the underlying trend was 6 per cent ahead after adjusting for the closure of the group's cash and carry business.

Earnings per share worked through at 18.6p (23.6p). A proposed final dividend of 3.75p brings the total to 4.45p (4.24p).

Microgen

Microgen Holdings, the Windsor-based information services group, reported a relatively static performance in its seasonally-favourable first half.

On turnover of £25m (£24.6m), pre-tax profits for the six months to April 30 amounted to £4.37m (£4.33m).

Earnings per share held steady at 7.2p and the interim dividend is maintained at 2.2p.

Compass/Forte

Compass Group has announced that it was unable to reach agreement to acquire Forte's contract catering businesses.

The catering and hospitals company said that costs incurred during the negotiations amounted to £3m before tax and would be taken as an extraordinary item in the results for the year to September 30 1992. In its last full year it made pre-tax profits of £32m.

Banner Homes

Banner Homes Group, the USM-quoted construction and property group, reported a reduced pre-tax loss of £688,000 for the year to March 31 compared with £732,000 previously.

Turnover was little changed at £6.83m (£6.82m). Losses per share were 3.9p (5.2p).

The group plans to divest its industrial and commercial properties.

Caverdale

Caverdale, a distributor of engineers' and motor trade consumable supplies, yesterday announced reduced losses for 1991 together with the acquisition of Dunham & Haines, a Luton-based motor dealer.

Consideration of up to £600,000 will be satisfied as to £100,000 in new shares with the balance in cash. Caverdale will also repay loans totalling £304,000 and £50,000 concerning certain properties occupied by D&H.

To fund the cash element of the purchase Caverdale is asking shareholders for £1.8m net via the issue of 35.44m new shares on a 2-for-7 basis at 6p per share. The proceeds will also provide working capital.

Some 62.7 per cent of the issue is being underwritten by Sheppards.

Caverdale is also acquiring the 25 per cent minority interest not already owned in Allied Components (UK) held by Mr Geoff MacArthur, an AC director.

For 1991 Caverdale reduced its losses from £857,000 to £305,000. Turnover slipped to £10.3m (£11.1m). There was an exceptional credit of £239,000 (£339,000 debit). Losses per share emerged at 1.2p (5.61p).

Dowding & Mills

Dowding & Mills, a provider of electrical and mechanical services, has entered the US market via the acquisition of Equipment Maintenance Services for $11m (£5.7m).

Consideration will be satisfied by the issue of 10.82m new shares to the vendors, conditionally placed with institutions at 53p apiece with a clawback for existing shareholders on the basis of one new share for every 12.38 held.

Further consideration to a maximum $12m is dependent on profits.

EMS, based in Wyoming, operates in similar markets to Dowding. D&M's shares slipped 4¼p to 54½p.

Estates & General

Shares of Estates & General yesterday fell 16p to 29p after the property investor and developer announced that it did not expect to make a pre-tax profit in the half year to June 30 and was therefore unlikely to declare an interim dividend.

It made £1.48m pre-tax in the comparable half and paid an interim of 1.225p.

The company said that it had been a difficult six months for both new lettings and property sales. However, it had a strong rental income.

Symonds

Symonds Engineering reported sharply reduced profits for the 12 months to March 31.

The Hertfordshire-based general and precision engineer saw the pre-tax line fall 29 per cent to £155,807, down from £220,435 last time.

Earnings per share fell to 1.102p (1.717p); a same-again final dividend of 0.7p maintains the total for the year at 1p.

Jurys Hotel

Jurys Hotel Group reported a 23 per cent decline in profits for the year to April 30.

Pre-tax profits of this Dublin-based company were I£2.52m (£2.34m) against I£3.26m. Turnover fell by I£880,000 to I£26.1m.

The group had experienced some improvement in the current year, Mr Beatty said.

The final dividend is again 3p for a maintained total of 5p, payable from earnings per share of 8.3p (11.1p).

Kelt Energy

Kelt Energy, the independent oil company, reported a pre-tax profit of £163,000 for the year to March 31 compared with a loss of £154.3m.

The figure was struck after exceptional credits of £5.14m (losses of £150.9m) and exchange losses of £4.3m against gains of £3.7m. Interest charges, however, were cut from £11.7m to £4.1m.

Turnover fell from £45.4m to £27.8m. There was a tax credit of £40,000 (£10,304 charge) and extraordinary gains of £119.8m (£2.3m loss).

The results included non-recurring interest charges totalling £2.8m.

Stewart & Wight

Stewart & Wight, the property investment group, reported pre-tax profits ahead from £310,303 to £351,834 over the 12 months to March 31.

The outcome reflected record rental income of £400,290 (£330,979). Earnings per £1 share advanced from 263.76p to 299.04p and the single dividend for the year is raised to a proposed 120p (105p).

An extraordinary profit of £72,277 related to the sale of a property in south London.

The net asset value per share amounted to £50.25.

Simon Engineering

Simon Engineering, the engineering, environmental and industrial services group, has paid $10m (£5.2m) for the marine seismic data division of Teledyne Exploration.

An initial sum of $7m will be followed by stage payments amounting to $3m.

Kode International

Kode International has paid £3.2m to acquire DCM Services, and will fund this by raising £3.66m via a 13-for-20 underwritten rights offer at 100p per share.

The principal activity of DCM is maintenance for the commercial personal computer market.

Mr Stephen Day, chief executive of Kode, said that trading had improved on the previous year. The directors intended to raise the interim dividend to 1.5p (1p).

Close Brothers

Close Brothers Group, the merchant banking and property company, has acquired Business Advisory Services, a credit management and debt collection business, for £6.09m.

Close will acquire 99 per cent of the shares, all the loan stock and certain share option rights. The consideration will be settled by the issue of 1.2m new ordinary shares and £3.16m cash.

M&G Dual Trust

At June 30 net asset value per share of M&G Dual Trust stood at £21.73. That compared with £20.68 at December 31, and with £22.11 on June 30 1991.

Over the six months the distribution received from M&G General was again £2.34m, leading to earnings per share of 30.55p (same). All the earnings are again paid as an interim dividend, and the directors forecast an unchanged final of 38.55p.

Volex

Volex Group, the electrical interconnection products concern, is paying up to $8.3m (£4.31m) to acquire Icontec, a leading US maker of data communication cable assemblies.

RECRUITMENT

JOBS: Why high-fliers need help to become better delegators, listeners and team players

Making 'fast tracks' more empowering

If there is a single "human resources" issue which helps chief executives to sleep soundly at night, it is the existence of a proven "fast-track" process for developing their high potential young people into the leaders of the future. The maverick Lord Weinstock, head of Britain's GEC, may disagree, but leadership development and succession is at the very heart of future corporate prosperity.

Hence the installation of fast-tracks by more and more companies - not just the original constituency of large multinationals, but also banks, insurance companies and other organisations. All now feel they must take young managers in their mid-20s and transform them, over the next 10-15 years of dizzy "fast-tracking", into a high-powered elite. A prime reason is the need to accelerate the speed at which high-fliers gain experience across national and functional boundaries.

Yet the way that these processes operate, and the values and behaviour patterns which they promote among today's star middle-managers and tomorrow's top dogs, are in direct conflict with the popular and potentially powerful concept of "empowerment". Company bosses on both sides of the Atlantic are now rushing to instal it (or at least espouse it), in spite of centralising pressures created by the recession.

But very few of them are biting the bullet by changing their fast-track processes to encourage the development of "empowering" behaviour in the company's central nervous system: its star managers. Instead, today's leaders are still cloning themselves.

This is the stark conclusion of unpublished research done over the last couple of years by Dr Lynda Gratton, of the London Business School. Much of her hardest data is drawn from a study conducted in 1991 of more than 100 high fliers at a large European multinational. Gratton's results are impressive because she gathered observations not just from the high-fliers themselves, but from more than 1,000 subordinates, peers and bosses.

The prime questions she sought to answer were whether the high-fliers were much good at the various behaviours that can be considered "empowering", and especially whether they gave much priority to many (or any) of them. The answer in the majority of cases was a resounding "no".

For anyone who still needs a plain person's definition of empowerment after the last 18 months of public and internal corporate hype on the subject, here goes.

As organisations flatten their pyramids in order to cut costs, accelerate decision-making and become altogther more flexible and competitive, they can no longer operate in time-honoured hierarchical fashion.

Instead of a series of levels which "command and control" the one immediately beneath them, power (and information) on many issues must be delegated, decentralised and diffused. Trust must be established between bosses, peers and subordinates (to use conventional language - or "colleagues", in the new). Individual effort within narrow departmental boundaries must be replaced by cross-functional teams. Instead of information being withheld at each successive level in the hierarchy, it must become shared - or, at least, accessible - through informal "networking". All this implies fundamental changes in the way that leaders behave.

In assessing the "empowering characteristics" (or otherwise) of the managers in her study, Dr Gratton asked participants to write down what they saw as the person's strengths and weaknesses (these were described politely by Gratton as their "development needs").

The resulting descriptions were rich and varied: in total about 100 categories of behaviour were used by the participants, of which 20 were ones that are known to help create empowered organisations.

The top four strengths to emerge were all individual, rather than team, ones: "energetic and hard-working" (for 72 per cent of the high-fliers); "analytically able" (63 per cent); "action-orientated" (51 per cent); and "intelligent" (46 per cent). Only then came the top empowering skill, "ability to build teams" (45 per cent). Most other empowering behaviours, such as ability to engage in joint problem-solving, were cited as strengths for under 30 per cent of the high-fliers.

As organisations flatten their pyramids, they can no longer operate in time-honoured hierarchical fashion.

As for people's "development needs", the 100 individuals as a group were seen by two or more of the respondents - often including themselves - to be weak on half of the full 20 categories of empowerment, and not very strong on any. In particular, 42 per cent were described as expecting too much of, and being impatient towards, people with different abilities and needs; a recurrent phrase was: "does not suffer fools gladly".

Depending upon the category, between 20 and 30 per cent were described as: abrasive; failing to share information and to keep communication open; unable to build teams; and failing to take others' views into account. Many were also poor listeners.

The only goodish news, apart from most people's perceptions of their own weaknesses, was that the group was not homogenous. A significant minority did behave in an empowering manner, as well as possessing strong individual skills.

Few of the results are surprising, if one considers that high-fliers tend to manage very much in their boss's image. They are selected to join the fast-track by their bosses, or their boss's bosses - who will have prospered mightily by displaying the old command-and-control behaviour. In any case, the very nature of empowering behaviour is that it is almost all sideways and downward-focused. So how can bosses be expected to spot empowering behaviour from their subordinates at all?

This problem is compounded by the way the fast-track operates, argues Gratton. High-fliers hop jobs every 18 months or two years, seldom having time for their mistakes to catch up with them, or to establish trusting relations with people inside teams. They are measured on short-term results. They are rewarded for this and for "managing upwards" - a polite phrase for showing the kind of behaviour which their boss appreciates.

Added to this, they have only one set of role models - their "command-and-control" bosses.

So what is to be done to end this fundamental mismatch?

If an organisation is really serious about empowerment, says Gratton, it must revamp systematically its processes for developing leaders:

- It must select individuals only after their delegation and team-building potential has been assessed in action. It should also allow entry to fast-tracks at several stages in peoples' careers.
- It must recognise the importance of what Gratton calls "360-degree feedback to the individual" - especially from peers and subordinates. Hardly any UK companies do this (BP and W.H. Smith are pioneers), and only a few in the US (including Citibank and IBM);
- Similarly, appraisal and evaluation must be done not just by the boss (with or without the individual's self-appraisal), and not just on short-term performance.
- It must treat managers as mature people who need to understand clearly their development needs and career options, and are involved closely in decisions about them. Even at human resource paragons such as IBM, this is not always the case.

"If companies really want to encourage empowerment, they've got to take some pretty firm action on things that they hold very dear", concludes Gratton. "Without that, empowerment will remain a lot of wishful thinking."

And just another promising idea which degenerated into a frustrated fashion.

Christopher Lorenz

Economists in Publishing

Central London

Business International, part of the Economist Group, is a world leader in the provision of global political and economic information to business, educational and research organisations worldwide. We currently have opportunities for the following:

Macroeconomic Forecaster

With professional experience in the application of macroeconomic models and expertise in the G7 economies, you will be running a pc-based global model to develop and produce forecasts appropriate to the range of Economist Intelligence Unit publications.

Working closely with our editorial team, you will need excellent interpersonal skills as well as a logical and analytical approach to your work.

Economist/Editor (2 positions)

We also require two people for EIU publications on Western Europe, the Middle East and North Africa. Both roles focus on the writing and editing of reports on the political, economic and business environment. The Middle East and North Africa position also involves risk assessment.

You must have a sound understanding of international economics and a demonstrable ability to speak and write clear, concise English. Previous editorial experience, a mature outlook and familiarity with the use of pcs are essential.

Applicants for all the above positions should have at least a first degree in economics and must already possess the right to live and work in the UK.

We offer a competitive salary and an excellent benefits package, including profit share scheme, five weeks' holiday, family medical insurance and contributory pension scheme.

To apply please send concise cv with details of current or last salary to Susan Phillips, Personnel Officer, Business International, 40 Duke Street, London W1A 1DW. Closing date for applications is 31st July 1992.

Business International

A member of The Economist Group

Account Executive Market News Service

A leading provider of capital markets news over the Telerate Network, is expanding its London operation. We are seeking information or systems professionals with a minimum of 2 years sales experience. The candidate would be self-motivated with a record of successful job performance. A financial understanding of the global financial markets is essential, particularly: Fixed Income and Currency. Fluency in at least two European languages is desirable. Benefits Available.

Apply to the Director, Sales,
152 Temple Chambers,
Temple Ave.
London EC4Y 0DT
Tel: 071 353 4462
Fax: 071 353 9122

Appointments Advertising

Appears every Wednesday & Thursday (UK), and Friday (International Edition)

SENIOR SPOT F/X DEALERS

HIGH PROFILE EUROPEAN BANK

In line with our Client's current expansion plans, 2 senior cross currency dealers are required to augment its vigorous London dealing room operations:

- Scandinavian/European currency cross-rate trader – **fluency in English plus a Scandinavian language essential**
- European cross currency dealer.

Candidates for both positions, probably aged 25/29, must be able to demonstrate a successful trading background acquired with an active international bank.

These are highly challenging appointments with a professional organisation of substance and offer salaries and opportunities commensurate with performance.

Contact Norman Philpot in confidence on (071) 248 3812

NPA Management Services Ltd

52 Bow Lane · London EC4M 9DJ · Telephone 071-248 3812/3/4/5 · Fax 071-321 4538

Management Consultants · Global Search

Fixed Income Fund Manager

City **£ Attractive**

Our client, one of the world's leading and most successful insurance companies, is involved in all types of insurance business. There are currently £1 billion assets under management in global investments, primarily in Fixed Interest and Equity funds, and business is continuing to expand. An exciting opportunity exists for an experienced Fund Manager with specialist US and European Fixed Income knowledge and a proven track record to join the investment team based in London.

Although currently our client is most active in the US Dollar markets, the successful candidate will be required to manage investments in a range of currencies. In addition, as a senior member of the London team, he/she must be capable of working closely with other offices and representing our client to various outside parties. Given the seniority of the position, it is probable that suitable individuals will be at least thirty five years old.

The ideal candidate will have a minimum of four years' experience of managing multi-currency fixed income portfolios within a leading firm in the industry. Probably a graduate, they will be mature, well presented and a good communicator. Above all, they will be self-motivated and have the presence to represent our client in a professional manner. An attractive salary package will be offered, dependent upon experience.

Interested applicants should contact **Kate Griffiths-Lambeth on 071 831 2000** or write to her enclosing a full curriculum vitae at **Michael Page City, Page House, 39-41 Parker Street, London WC2B 5LH.**

Michael Page City
International Recruitment Consultants
London Paris Amsterdam Brussels Dusseldorf Sydney

ASSET and LIABILITY MANAGEMENT

Prove the value of your experience in this expanding division.

The Royal Bank of Scotland is one of the UK's most respected and innovative financial services groups. Treasury & Capital Markets is one of our fastest growing divisions and, within it, the Asset and Liability Management team holds a pre-eminent position in the management of our Group affairs.

The expansion of this area offers you the opportunity to apply financial and risk management expertise to a wide range of specialist banking areas and develop your career in a function that's vital to our continuing success.

Manager C £33,000 + Car + Banking Benefits C. London

Reporting to the Head of the Unit that supports the Group Treasurer and the Group's Asset and Liability Management Committee, you will use information gathered from technical research and analysis to contribute to the formulation of ALM policies. Although this will cover all aspects of balance sheet management, you will focus mainly on interest rate, liquidity and currency risk management.

Over 3 years' experience in commercial banking, specialising in treasury, finance or risk management, will have made you familiar with the balance sheet management of a bank. It should also have provided you with a good knowledge of gap analysis and simulation techniques and you will be familiar with regulatory developments in the field of market risk. PC and report writing skills, the ability to work effectively with widely different groups, and the high level of initiative and imagination required, suggest you're likely to be a graduate with a professional finance or business qualification.

Analysts C £24,000 + Banking Benefits C. London & Edinburgh

You will be responsible for providing project based technical research and analysis on all aspects of balance sheet management and carrying out simulation analysis using PC based asset liability management software.

Banking experience, ideally in a treasury, finance or risk management department, will have made you skilled in financial and statistical quantitative techniques and given you a working knowledge of management and financial accounting statements. You will also need a high level of PC expertise with the ability to develop spreadsheet models, and the self-motivation and resourcefulness to manage projects from initiation to completion.

To apply, please send your c.v. to Steve Barningham, Personnel Department, The Royal Bank of Scotland plc, Regent's House, PO Box 348, 42 Islington High Street, London N1 8XL, closing date for applications 24th July 1992.

Committed to Equal Opportunities.

The Royal Bank of Scotland
WHERE PEOPLE MATTER

Fund Manager

European Equities **£ Neg + Benefits**

Our client, the London operation of an internationally renowned European financial institution, has an enviable reputation across five continents. As a result of increased business levels and the desire to provide an enhanced service, they now seek an experienced European Equities Fund Manager. This responsible individual will concentrate on this growing area of investment while playing an instrumental role in developing our client's business.

Reporting to the Finance Manager, the European Equities Fund Manager will be responsible for the management of funds invested in a range of European Equities. In addition experience of UK Equities would be an advantage. It is desirable that the successful applicant be a graduate with approximately 3-5 years' experience gained in an investment sphere.

Knowledge of a European language other than English would be advantageous. The appointee will be expected to present an image consistent with the firm's reputation.

The position requires an individual with good presentation skills as the role will encompass a more general marketing aspect of promoting our client and their capabilities in related areas. The successful candidate will be a key member of the investment group. An attractive salary package will reflect this level of responsibility.

If you would like to be considered for the above position, please contact **Kate Griffiths-Lambeth on 071 831 2000** or write to her enclosing a full curriculum vitae with details of current remuneration package, to **Michael Page City, Page House, 39-41 Parker Street, London WC2B 5LH.**

Michael Page City
International Recruitment Consultants
London Paris Amsterdam Brussels Dusseldorf Sydney

DIRECTOR, LIABILITY MANAGEMENT

CITY **c £50,000 + perf rel bonus + car**

THE PERSON

After five years+ within a large multi-currency treasury function, you are ready for a high profile role within one of the most dynamic treasury areas in the City. Of graduate calibre, you are a strategic thinker as well as possessing dealing operations experience. Above all, you have the drive and credibility to lead a diverse group of highly motivated individuals.

THE ORGANISATION

A truly global investment and merchant bank with a strong position in capital markets sales and trading. The firm can offer excellent career development opportunities in the UK and internationally, and would value a second European language.

THE ROLE

Reporting to the European Treasurer, this is a pivotal role with responsibility for the liability side of the balance sheet. The primary focus will be to develop strategies to meet the firm's present and future funding needs, working with the Treasurer to determine the most advantageous liability mix. On a day-to-day basis the post holder will work closely with the funding desk and must be able to provide effective support to the Treasury Operations Manager. Strong PC skills are assumed and there will be involvement in systems development.

To progress your interest in this stimulating appointment, contact **Susan Milford** *at Carrington Heath, City Business Centre, 2 London Wall Buildings, London EC2M 5PP. Ref No 148142*

Tel: 071 628 4200 (eve. 0483 37480) Fax: 0483 576724

CARRINGTON HEATH
EXECUTIVE SEARCH & SELECTION

Director Of Credit

South East England,

c£70,000 Package

Part of a major plc this well established Financial Services Company has an excellent reputation in their market place. The company is currently entering an exciting stage in their development and now seeks to strengthen their senior management team by appointing a Director of Credit. Reporting to the Managing Director the appointed candidate will be fully accountable for directing, managing and controlling all aspects of risk and recovery comprising company credit (retail and wholesale), recoveries and legal collection. The key responsibilities include the development and control of the credit function, the management of credit granting processes and the control and management of the collection and legal function. Probably aged over 40 this high profile role requires at least 10 years credit management experience within a well run recognisable organisation in the banking or financial services sector. You must be able to demonstrate strong financial management/accounting experience and possess a good understanding of technology. Personal qualities must include strong administration skills, the ability to be forward thinking, and you must also be able to liaise and communicate at all levels. In addition to the attractive salary, the package includes an executive car, non-contributory pension, health cover and other benefits usually associated with a progressive company in the financial services sector.

Male or female candidates should submit in confidence a comprehensive c.v. to: G.J. *Deakin*, Hoggett Bowers plc, 13 *Frederick Road*, *Edgbaston*, BIRMINGHAM, B15 1JD. 021-455 7575, Fax: 021-454 2338, *quoting* Ref: B18353/FT.

Hoggett Bowers

BIRMINGHAM, BRISTOL, CAMBRIDGE, CARDIFF, EDINBURGH, LEEDS, LONDON, MANCHESTER, NEWCASTLE, WINDSOR and representation throughout EUROPE

APPOINTMENTS ADVERTISING

appears every Wednesday & Thursday & Friday (International edition only)

For further information please call:

Richard Jones on 071-873 3460

Teresa Keane on 071-873 3199

Alison Prin on 071-873 3607

Philip Wrigley on 071-873 3351

HEADHUNTERS RESEARCH EXECUTIVE

Highly successful search firm in the City seeks research executive.

Ideal candidates will have a good university degree and two or more years experience in the financial markets. He or she will be aged 24 - 29 and have considerable initiative and enthusiasm.

Please write to
Baines Gwinner Limited, 1 Founders Court, London EC2R 7HD
or telephone Sue Hutchings on 071-600 1414

SUMIT

Venture Capitalist

Very attractive package Birmingham

A talented professional is needed to join the small investment team in one of the largest British venture capital fund managers outside London.

THE COMPANY
- Leading regional venture capital group. Established more than 12 years. IMRO member.
- Close support of all investee company managements.
- More than £35m under management. Future growth planned through raising new funds.

THE POSITION
- Seek out, complete and manage equity investments in MBO's, MBI's and in development capital opportunities.
- Maintain close relations with accountants, lawyers and other professional advisors, particularly in Birmingham.
- Ongoing role in strategy of investee companies.

QUALIFICATIONS
- Outstanding analytical and deal-making skills. Graduate/MBA. Professional qualification ideal.
- Understanding of dynamics of venture capital from investment or corporate finance department of merchant bank or accounting/law firm.
- Strong presence, credibility and tenacity. Successful record of venture capital investment desirable.

Please write, enclosing full cv. Ref BL2736
NBS, Bennetts Court, 6 Bennetts Hill,
Birmingham, B2 5ST

NBS

NB SELECTION LTD - a Norman Broadbent International associated company
BIRMINGHAM 021 233 4656 • LONDON 071 493 6392 • SLOUGH 0753 819227 • BRISTOL 0272 291142
GLASGOW 041 204 4334 • ABERDEEN 0224 638080 • MANCHESTER • 0625 539953

SEGA EUROPE
• MASTERSYSTEM • MEGADRIVE • GAME GEAR

F.M.C.G. BUSINESS ANALYSIS

MARKET PLANNING MANAGER

LONDON **Competitive Salary + Package**

Reporting to the Commercial and Finance Director and supporting all Managing Directors • Play a key role in the expanding corporate team devising the Business Plan to position Sega as the No.1 video games system in Europe • Generate market intelligence from internal data and external trade and media sources • Measure, evaluate competitive performance of our games • Advise the Board on product development by consumer age group and territory • Manage your own planning unit.

THE COMPANY:
Operates marketing and distribution subsidiaries in France, Germany, Spain, UK and Austria • Extensive distribution network embraces FMCG and mass market retailers • Complex product mix comprises titles, TV standards, regional markets, seasonal demand and manufacturing lead times • European sales will double in 1992/3 to $1B • The largest and most profitable foreign subsidiary of Sega of Japan which is on course to be a world leader in creating high quality, high technology entertainment.

YOUR OPPORTUNITY:
To be the research authority advising the Board • Undertake market surveys on customer satisfaction levels and product requirements • Develop and monitor Retail Market data • Benchmark and assess competitive positioning • Use IBM AS400 and PC networks • Monitor consumer purchasing trends and argue convincingly for product development • Demonstrate your expertise to identify and exploit market opportunities • Fully accountable for measuring cost and effectiveness of corporate marketing activities.

OUR IDEAL CANDIDATE:
A well qualified Business Analyst (degree or equivalent with MBA) • 5-8 years' post qualification experience gained within a quality FMCG company, strategic management consultancy or corporate business development function • Proven expertise in data analysis, interpretation • Numerate, computer literate with an enquiring mind • Excellent written and verbal communication skills essential • Personable, ambitious and relishes working in a team environment • Fluent in European languages other than English • Preference will be shown to Candidates from the European Continent.

REMUNERATION PACKAGE:
Excellent basic salary + bonus + life assurance + medical insurance + car + other fringe benefits befitting the seniority of this appointment.

Please write or fax quoting **Ref: 1656** and enclosing your full curriculum vitae to **John Gelling, Partner, at: Merton Associates Ltd, Merton House, 70 Grafton Way, London W1P 5LE, England. Fax: 071 387 5324. Tel: 071 388 2051.**

SEGA EUROPE

LEASING CREDIT
NEW BUSINESS UNDERWRITING
Berkshire

The Client
A bank owned leasing subsidiary and probably the UK market leader in the provision of bespoke sales-aid vendor programmes to both high and low-tech equipment manufacturers and suppliers. Transaction size £20K-£10 Million plus.

Duties
To evaluate new business proposals, to appraise existing accounts, and be able to analyse prepare and make recommendations on credit proposals/applications to senior management, particularly those in the £1 Million plus category. A knowledge of debt restructuring, the taking of security and leasing documentation would be very advantageous.

Candidates
Applicants should be aged, 20-28 years, possess a minimum of "A" levels, and should ideally have 2-3 years specialist credit experience gained in leasing or banking.

Rewards
Excellent career opportunity and attractive starting salary in the £18K-£20,000 range plus mortgage subsidy, discretionary bonus, pension/health schemes etc.

Contact: **BRIAN GOOCH/ANNETTE TASSI**

OBSB OLD BROAD STREET BUREAU
EXECUTIVE SEARCH & SELECTION CONSULTANTS
65 London Wall, London EC2M 5TU
Tel: 071-588 3991 Fax: 071-588 9012

The Financial Times will be publishing the final examination results of the candidates that have qualified to join the Fellowship of the Institute of Actuaries on Friday 10th July 1992.
To advertise career opportunities in the insurance and pension industries please call
Richard Jones on 071-873-3460

CORPORATE FINANCE EXECUTIVES

CITY

One of the city's most active & prestigious merchant banks with a leading position in UK and international corporate finance, is looking to recruit a number of high calibre executives in its Corporate Finance Department.

This position is largely derived from the experience of its highly professional and successful team, its international network of offices, its high quality client list and its capacity to underwrite and finance transactions.

Applicants, aged 23-27, should be:

- recently qualified chartered accountants or solicitors from large professional practices.
- individuals who have left the professions within the last 18 months and who have gained corporate finance experience in a competitor organisation; or MBAs with similar credentials.
- management consultants with relevant M&A experience and good numerical skills.

Candidates, who should have good academic qualifications, must be able to demonstrate strong interest in and commitment to corporate finance as a career and possess the necessary personality, drive and judgement to succeed in a strongly team-based environment.

Successful candidates will be offered highly competitive remuneration packages and progress within the Company will be based solely on merit and contribution.

Interested applicants should telephone George Corbett on 071-379 3333 (fax 071-915 8714) or write enclosing a detailed CV to **Robert Walters Associates, 25 Bedford Street, London, WC2E 9HP.**

ROBERT WALTERS ASSOCIATES

LONDON WINDSOR BIRMINGHAM BRUSSELS AMSTERDAM PARIS

SCOTTISH WIDOWS

Scottish Widows Investment Management Limited is a major investment house with assets under management exceeding £16,000 million. It is a market leader in UK pension funds and seeks to appoint an ambitious young professional to join its pension fund management/marketing team based in Edinburgh.

PENSION FUND MARKETING
EDINBURGH

The main thrust of this role will be to client liaison work in relation to the £4,000 million Managed Fund, reporting to existing clients and seeking to acquire new ones. There will be some scope to contribute to marketing strategy. Presentations to clients will concentrate on investment philosophy, fund activity and performance.

Candidates, aged 25-32 should be investment aware, preferably with experience in the investment industry and ideally with experience of the pension fund marketplace. Candidates should also have a high degree of presentational skills and have the credibility to forge strong relationships and become the main interface with clients.

With over £2,000 million being invested in overseas markets and as a result of an expanding focus on emerging markets, a new position has been created in the Far East fund management team.

INVESTMENT MANAGEMENT
OVERSEAS EQUITIES

Candidates are sought with one or two years investment experience, preferably with particular knowledge of smaller emerging markets and who are seeking scope for further development in a challenging area.

For confidential discussions, on both these opportunities, telephone or write to:

Willie Finlayson,
Coburn Blair, RWF House, 5 Renfield Street,
Glasgow G2 5EZ,
Tel: 041 248 4247

Interviews will be in London and Scotland.

COBURN BLAIR

THE UNIVERSITY OF NEWCASTLE AUSTRALIA

Department of Economics
DIRECTOR
Australian Centre for Mineral and Energy Economics
(Position No. A141/92)

Major Australian mining and financial companies, the New South Wales Education and Training Foundation, and the University of Newcastle have established the Australian Centre for Mineral and Energy Economics. A Board of prominent industry leaders and academics has been formed to advise on the operation of the Centre. Multi-disciplinary support will be available on campus.

Courses offered through the Centre will include a Masters' degree in Mineral and Energy Economics and a sequence of certificated short courses. Centre staff are expected to be active consultants to industry and to raise the level of policy debate.

Applications are invited for Director of the Centre, a position holding the title of Professor within the Department of Economics. The successful applicant will have an international reputation in the field and will be capable of providing academic leadership, especially in developing areas of research and teaching. Two additional Senior Research Fellows will be recruited upon appointment of the Director.

The position is available as a five-year contract appointment in the first instance. An attractive remuneration package commensurate with the intended profile of the Centre will be negotiated with liberal opportunities for consulting activity.

Newcastle is a coastal city, situated two hours drive north of Sydney. It has an active mining and minerals processing industry in the city and nearby Hunter Valley. An abundance of coastal lakes, vineyards, forest reserves and national parks are to be found in adjacent areas.

Additional information about the position or any related matters may be obtained from the Vice Chancellor, telephone (61 49) 21 5102, [fax number (61 49) 21 5115].

Applications quoting the position number (to be shown also on front of envelope) and including the full details of qualifications and experience, and the names, addresses and telephone numbers of three referees should be addressed to reach the undermentioned by the closing date of 31 July 1992.

The University reserves the right to fill the position by invitation.

Deputy Director (Recruitment)
The Staff Office
The University of Newcastle, NSW, 2308, Australia

The University is an Equal Opportunity Employer and has a policy of no smoking in the workplace.

NA 500949

International Investment Management

Our Client, a major City-based Financial Institution seeks to restructure the management of the investment area by the appointment of two Senior Executives.

Funds under management have seen dramatic growth and our client intends to maintain, and indeed, accelerate this situation. The people appointed will report to the Head of the Investment Management Division and work alongside the Chief Investment Officer.

Head of Business Development

This role will concentrate on all aspects of Marketing and Product Development including the design and promotion of specific Investment products for the Middle Eastern customer base.

The job will involve frequent travel to the Region and calls for a person who has well developed Marketing skills. On the other hand, a background and understanding of Corporate Investment Products and Marketing is essential as the person appointed will look after all aspects of Business Development including Marketing, Product Design and Publicity.

The successful candidate will work closely with the Head of the Investment Organisation and take the lead role in the development of a Marketing strategy and Sales plan. Age 32-45.

Business Information Manager

This role is to look after all aspects of Quality Control. The person appointed will have full accountability for the cost effective provision of risk control, information and operational support services outlets. He/she will be involved in all aspects of IT/Information provision and Regulatory/Compliance.

The job holder will head a small team looking after investment accounting, valuation reporting, client reporting, fee billing, performance measurement, taxation, compliance etc. He/she will be working in a highly innovative atmosphere which is dedicated to excellence and to maximum use of relevant technology.

This job calls for a person who has an Accounting/IT background, who will probably be in their early to mid-thirties.

Both roles offer competitive remuneration and the normal range of banking benefits.

Please reply in confidence to: Colin Barry, Managing Partner, Overton Shirley & Barry, Prince Rupert House, 64 Queen Street, London EC4R 1AD. Tel: 071-248 0355. Fax: 071-489 1102.

OVERTON SHIRLEY & BARRY

INTERNATIONAL SEARCH AND SELECTION

INTERNATIONAL OIL GROUP

Seeks to recruit for its London affiliate the position of a

SHIPPING CONTROLLER

A full understanding of the legal implications of the terms and conditions of all types of contracts for the carriage of crude oil and its derivatives and of chartering and shipping operations including post fixture work is essential. Candidates should have a full understanding of the terms of marine insurance contracts and a sound working knowledge of cargo loss follow up.

The successful candidate will have at least 5 years' experience in a similar position at senior level and will be fluent in English and Arabic. A major European language (preferably Italian, French or German) will be an advantage.

A competitive remuneration package is offered.

Write to Box A1886, Financial Times, One Southwark Bridge, London SE1 9HL

Chief Lending Officer
Polish Bank

Recently established, well capitalised bank headquartered in a major Polish city, with plans to expand throughout Poland, seeks a Chief Lending Officer to oversee a staff of 5-10 people. Clientele are primarily small and medium-sized enterprises. Ideal candidate will have 8-10 years experience and formal credit training in U.S.or Europe. Candidate must be innovative, and able to implement a marketing program while administering a healthy loan portfolio.

Candidate must be fluent in Polish and English. Competitive salary, benefits and relocation package. Fax resume and salary requirements to:

Polish Bank Search Committee, c/o L. Galbraith,
203 525 2083 in the U.S.

SALES & MARKETING DIRECTOR

- Proven experience in building and managing a national sales force for a consumer product.
- Experience within financial services will be helpful.
- Major company experience with entrepreneurial personality for younger company.

BASIC PLUS BONUS IS UNLIKELY TO BE LESS THAN £150,000

Strictest confidence observed.

Address correspondence to : Box A[illegible], Financial Times, One Southwark Bridge, London, SE1 9HL.

PRIVATE CLIENT PORTFOLIO MANAGERS

Successful Bristol based independent investment managers urgently require additional Portfolio Managers with an existing client base. An exciting chance to join an enthusiastic and developing team.

Please write with C.V. in confidence to: Box A1888, Financial Times, One Southwark Bridge, London SE1 9HL.

CREDIT ANALYST

The City office of a leading Middle Eastern Bank has a position available for a Credit Analyst. An A.C.I.B. qualification or equivalent is desirable.

The successful candidate should have at least 3-4 years direct experience, ideally obtained in an American Bank, in credit analysis of sovereign, bank and corporate risk, together with a good knowledge of industry background and country risk evaluation.

An attractive package is available to the successful candidate.

All applications, to be made by 22 July 1992, will be treated in strict confidence.

Please reply with copy of C.V. to: Box A1899, Financial Times, One Southwark Bridge, London SE1 9HL.

SENIOR RECRUITMENT CONSULTANT
INVESTMENT BANKING
c. £60,000 package for high achievers

Jonathan Wren Executive is a leading name for search and selection in the City. We offer clients a highly cost-effective contingency recruitment service for positions which pay from £25,000 to £250,000. We have maintained a strong presence in the market during very difficult trading conditions and are now ready to build on these solid foundations.

We wish to recruit an additional specialist for the investment banking area with a particular focus on equity markets and fund management. Applicants must have a good working knowledge of these areas and, although previous recruitment experience is not essential, we seek a combination of the effective salesman; the entrepreneurial self-starter; the skilled negotiator; and the constructive team-player. Compensation is performance based and consists of basic salary, commission and company car.

Please contact Roger Steare on 071-623 1266 or apply in writing to him at...

Jonathan Wren & Co. Limited, Financial Recruitment Consultants
No. 1 New Street, London EC2M 4TP Telephone 071-623 1266 Facsimile 071-626 5259

JONATHAN WREN EXECUTIVE

CARR KITCAT & AITKEN

INTERNATIONAL MINING
EQUITY SALES

London

Carr Kitcat & Aitken is part of the Banque Indosuez financial group, with particular strengths throughout Europe, Far East and Emerging markets.

We currently seek to recruit an experienced Salesperson to work on our highly rated International Mining equity desk.

Based in London, you will have a minimum of 2 years' sales experience in the relevant markets, possess ambition, drive and a high degree of commitment. You will be a good communicator, able to take responsibility and contribute to a highly motivated team.

Attractive package, bonus, non-contributory pension, car or mortgage facility.

Please contact: Diane Gall, Personnel Manager,
Carr Kitcat & Aitken, No 1 London Bridge, London SE1 9TJ
Telephone: 071-378 7050

INTERNATIONAL MONETARY FUND

(ed´•it•or)

The INTERNATIONAL MONETARY FUND invites applications for this challenging position based at our headquarters in Washington, D.C.

The work in the Editorial Division of the External Relations Department is comprised of editing publications in the fields of international finance and economics. Publications are generally of a highly complex nature, and frequently include econometric equations, charts and tables. The incumbent will be responsible for the editing, scheduling and production of major publications, which will include the rewriting and reorganizing of material, as well as proposing structural and textual editorial changes.

The incumbent will also be called on to write expository materials for publication, speeches, and articles for senior staff. Successful candidate will be required to use analytical and expository skills to explain complex subjects to a general audience, as well as prepare informational materials for the public or the press. In addition, candidate should be prepared—over time—to undertake other editorial, public affairs, or information assignments as part of the Fund's external relations work.

Candidates must have an excellent command of the English language and extensive professional experience in all aspects of editing and publishing. A university degree at the Master's level, with strong emphasis on English and economics or political science is required. A knowledge of languages other than English is useful. Some journalism experience would be helpful.

We provide attractive working conditions and compensation package. Candidates are invited to send a detailed resume no later than 2 weeks following publication of this advertisement to:

Recruitment Division, 6-525,
INTERNATIONAL MONETARY FUND
700 19th Street, N.W., Washington, D.C. (USA) 20431
Facsimile (202) 623-7333

Compliance Manager
Blue Chip UK Fund Manager

To £40,000 + Banking Benefits — City

New position building from strength. Opportunity for lawyer with solid Financial Services experience to assist the Head of Compliance.

THE COMPANY
- Premier, UK-based investment manager. Major subsidiary of financial services group.
- Outstanding record of funds performance and growth, both UK and international.
- Compact compliance function operating to the highest professional standards.

THE POSITION
- Provide consultative guidance and interpretation of IMRO, SIB & SEC rules.
- Lead training initiatives for both front and back office staff.
- Research and strengthen procedures and monitoring programmes. Provide ad hoc legal advice on investment-related issues.

QUALIFICATIONS
- Lawyer, aged 27-35, with at least two years' experience of FSA requirements, possibly gained in investment management.
- Organised, self-starter with strong technical skills honed in a City environment.
- Clear communication skills. Capable of advising senior management and taking a commercial view.

Please write, enclosing full cv, Ref L2410
54 Jermyn Street, London, SW1Y 6LX

NBS

NB SELECTION LTD - a Norman Broadbent International associated company
LONDON 071 493 6392 • BIRMINGHAM 021 233 4656 • SLOUGH 0753 819227 • BRISTOL 0272 291142
GLASGOW 041 204 4334 • ABERDEEN 0224 638080 • MANCHESTER - 0625 539953

Investment Banking in Eastern Europe and Asia

The GMA-Cadogan Partnership exists to provide advice, assistance and training to emerging capital markets in the former command economies of Central and Eastern Europe, Russia and Asia. (Our clients include the largest investment fund manager in Slovakia and the Budapest Stock Exchange.) We are seeking a few senior investment bankers of high calibre to work with us on a *project-by-project* basis to help banks in these regions develop an investment banking capability. They may be required to spend substantial time in client countries.

We invite contact from people over 40 and under 70 who have been successful in new issues, M&A, JVs, project lending and international bond issues and/or have a talent for institution-building. Some experience of less sophisticated markets would be an advantage. Full cvs please to: Beverley Eden, GMA-Cadogan Partnership, 27 Albemarle Street, London W1X 3FA.

Chief Financial Officer
Polish Bank

Recently established, well capitalised bank headquartered in a major Polish city, with plans to expand throughout Poland, seeks a Chief Financial Officer to oversee all accounting, treasury, auditing and other staff functions. Ideal candidate will have CPA and/or MBA, and 8-10 years experience. Candidate must be able to develop and implement all reporting, compliance and control systems in an IBM AS400/IBIS systems environment.

Candidate must be fluent in Polish and English. Competitive salary, benefits and relocation package. Fax resume and salary requirements to:

Polish Bank Search Committee, c/o L. Galbraith,
203 525 2083 in the U.S.

SPANISH LEADING FINANCIAL BROKER
REQUIRES
AN INTEREST RATE OPTIONS BROKER

The candidate will have at least two years of options and futures broking/trading experience.

The place of work will be in Madrid and knowledge of Spanish is not required.

Please send Curriculum Vitae.

Fax number: 91-563 26 32 (Madrid).

Attention Managing Director.

GILT FUTURES BROKER
LIFFE

c.£35,000 plus banking benefits

Our client, a leading financial institution, wishes to appoint an experienced gilt futures broker with exposure to LIFFE and preferably with trader status and cash market experience.

A sound knowledge of futures and options is essential and must include an appreciation of technical and fundamental analysis. In addition, a broad based exposure to financial markets is required, including both stock market and futures exchanges.

The successful applicant should ideally have a degree – preferably in Economics – or be of graduate calibre.

Please send your CV, stating in your covering letter any companies to which your applications should not be forwarded, to: T L Roberts (ref 538), Director, Associates in Advertising, 5 St John's Lane, London EC1M 4BH.

ASSOCIATES IN ADVERTISING

INTERNATIONAL OIL GROUP
Seeks to recruit for its London office a

CRUDE OIL AND PRODUCTS OPERATIONS AND MARKETING ANALYST

A full understanding of the legal implications of the contractual terms and conditions applicable to the sale and purchase of crude oil and products is essential. Candidates should have a proven ability to handle and supervise operational programming of crude oil and product cargo liftings and deliveries, with particular emphasis on operational activities in the Mediterranean and North West Europe. Candidates will also be familiar with crude oil processing economics and refinery margins and will have an adequate knowledge of shipping including chartering and post fixture work.

The successful candidate will have at least 15 years' experience (at least 7 years at senior level) and will be fluent in English and Arabic. A major European language (preferably Italian, French or German) will be an advantage. *A competitive remuneration package is offered.*

Please reply to:
Box A1895, Financial Times, One Southwark Bridge, London SE1 9HL

The Top Opportunities Section
appears every Wednesday.
For advertising information call:
Stephanie Cox-Freeman
071 873 4027
Elizabeth Arthur
071 873 3694

GENERAL MANAGER
Russia

Our client, a top U.S. Fortune 500 Company, active in over 165 countries, is seeking a General Manager - Russia.

Recent changes in the former Soviet Union have created exciting opportunities for business expansion throughout the area. Our client, an aggressive and dynamic organization, has an established business base of success in these rapidly developing markets.

The General Manager will be responsible for strategically driving our client's market leadership position to new heights while leading and developing the sales operations, marketing, and technical manufacturing teams. An accomplished executive, the successful candidate must be fluent in Russian and English, possess a University degree and thrive on professional challenge. In addition, the individual will be able to demonstrate a track record of career achievements gained from at least 15 years of consumer goods or related business experience.

In keeping with its International reputation and the importance of these critical markets, our client offers a highly attractive and comprehensive compensation package. To apply, please send detailed resume of qualifications and experience, in English, to:

P.O. Box 534
Wilton, CT 06897
U.S.A.
Equal Opportunity Employer

Currency Options Broker City-based

Our client, one of the world's leading money broking businesses, wishes to strengthen its Currency Options team by the addition of an experienced broker.

Candidates should be fluent in French and German as well as English, and have well-developed relationships with a number of European banks. They are unlikely to have less than five years' experience in currency options.

In return, our client offers the opportunity to earn an excellent salary and benefits package. Please apply, enclosing full details of your previous experience, to Media System, Cloisters Business Centre, 8 Battersea Park Road, London SW8 4BG, quoting ref: 2003/FT on the envelope.

SPOT FX

A leading European Bank requires a Dealer to trade EMS Currencies.

The appointee should be c. 25 and have at least 3 years experience.

Competitive salary plus Benefits.

Please apply in writing together with C.V. to:

Box No. A1898,
Financial Times,
One Southwark Bridge,
London
SE1 9HL

Communications Manager
European Financial Markets

London based — Excellent package

Our client, an international investment and brokerage firm, offers a challenging and exciting opportunity to a Financial Public Relations specialist who enjoys working at the "sharp end" covering the European markets.

Assisting the Communications Director in executing and co-ordinating the Firm's PR programmes in Europe involves media relations, advertising, the production of marketing materials and sponsorship activities.

It is envisaged that the person appointed will have at least 5 years' proven experience in financial communications and fluency in German or Spanish, combined with first class organisational skills and the ability to achieve results working under tight deadlines in a demanding environment.

An excellent remuneration package, including the usual banking benefits, coupled with career development awaits the successful candidate.

Please write in strict confidence, enclosing a full CV and listing separately any companies to which your application should not be sent, to: Corinne Simmons (Ref. GR/99), Vine Potterton Limited, 152/3 Fleet Street, London EC4A 2DH.

VINE POTTERTON
RECRUITMENT ADVERTISING

INVESTMENT ANALYST / FUND MANAGER
SMALLER COMPANIES TEAM

Legal & General Investments, one of the City's leading fund management institutions, is looking for an Analyst/ Fund Manager to be the third member of the smaller companies team.

The successful candidate will be expected to analyse and meet with a broad range of smaller companies (sub-£200m). He/she will make recommendations to the head of the team and will implement decisions taken.

The candidate will be expected to have at least three years' experience of the smaller companies market.

Interested applicants should send a comprehensive curriculum vitae (including remuneration details) to :

Marianne Macdonald
Senior Personnel Officer
Legal & General Investments
Bucklersbury House
3 Queen Victoria Street
London EC4N 8EL

Legal & General
INVESTMENTS

DIRECTOR OF RESEARCH
GLOBAL CONSULTANTS

A leading U.S. consulting firm requires an individual to organize and direct its London-based research of the global market for investment management and related financial services. Responsibilities include the supervision of library research, market surveys and personal interviews and the preparation of client reports. The ideal candidate would be in the mid-to-late thirties with more than five years management experience in financial sector research. The Research Director, who will report directly to the London Managing Director, will require excellent communication skills and an appreciation of database management systems. French and/or German language abilities would be a plus. A very competitive compensation package will be offered.

Send detailed C.V. and a letter describing your capabilities to:

Mr David M Booher
InterSec Research Corp.
Hill House, 6 Albemarle Street
London W1X 3HF

Adam, Harding & Lueck

QUANTITATIVE INVESTMENT MANAGEMENT

Adam Harding & Lueck have an opening for a recent graduate to join their research team. Duties will include assisting senior staff in the research and construction of quantitative investment products.

Candidates should have a good degree (2:1 or 1st) in a numerate discipline (natural science, economics, or mathematics) and be able to demonstrate some knowledge of and interest in the capital markets. Good computing skills are essential, preferably including the ability to program in 'C'.

Applications should be made to: Bill Deayton, Recruitment Manager, E D & F Man Ltd, Sugar Quay, Lower Thames Street, London EC3 6DU

INVESTOR RELATIONS SALES EXECUTIVE

Technimetrics seeks an additional account executive to join its European team. Technimetrics is internationally recognised as the leading institutional information specialist, servicing the investor relations and broking communities. Candidates should possess an understanding of equity markets and have a record of success in sales. Languages including Italian would be an advantage and the position provides the opportunity of European travel. A high degree of self motivation is required as well as excellent communication skills to board level. Please send curriculum vitae to the Personnel Department at:

Technimetrics, Inc.
84 Newman Street, London W1P 3LD

ACCOUNTANCY COLUMN

Non-trading companies cast shadow over standards

By Andrew Jack

WHEN A small US business began a legal action against a British company earlier this year, it stumbled across a problem that raises far-reaching questions about the accounting and legal regulations for non-trading and dormant companies in the UK.

Pentagen Technologies International, a software company operating from New York, which wanted to register as a non-resident UK company five years ago, appears to have found itself in the bizarre situation of entering into a contract with a company which does not trade.

According to a writ for $32m in damages filed by Pentagen in the New York state supreme court in April this year, Pentagen asked Jordan and Sons – which is part of Jordan Group, the Bristol-based corporate information and services group – to act as its company secretary in August 1987.

Under UK company law, the company secretary performs a wide range of functions, including taking responsibility for maintaining share and other official registers and filing annual returns and accounts with Companies' House.

Jordans sent an application form in the name of Express Company Secretaries to provide registered office and company secretarial services. Pentagen completed the form, paid a fee, and returned the documents. The writ alleges that these services were never performed and seeks compensation for the consequences.

"What followed was your worst nightmare," says Mr Joel Robinson, a lawyer representing Pentagen. The company continued to develop over the next three years, and was on the point of negotiating a contract worth up to $11m with the US army to provide it with voice recognition and language translation software.

But in early 1990, he says, an internal audit by Pentagen picked up the fact that the company was no longer registered in the UK. After failing to meet the statutory requirements, it had been struck off the company register and dissolved in 1990. On hearing of the difficulties, its bankers shied away and the US army backed out from the software deal.

Mr Robinson was hired to consider possible legal action, and requested the accounts of Express Company Secretaries as part of his background research. To his horror, he discovered that the company had not traded during any of the last five years and in 1988 had become "dormant", which means it does not have to appoint auditors or file a profit and loss account. "It was the furthest thing from my mind when I did the search," he says.

The details of the Pentagen case are less important than the general point it seems to raise about UK company law and accounting standards. Thousands of other customers are entering into similar contracts with UK companies which are shown in their accounts to be non-trading. The process appears to be completely legal, but, in the words of one accountant, appears to be a "modest subterfuge". It certainly seems to make a mockery of the accounting.

Thousands of customers are entering into contracts with UK companies that are shown in their accounts to be non-trading. The process appears completely legal, but, in the words of one accountant, appears to be a 'modest subterfuge'.

Mr Michael Whitwell, chief executive of Jordan Group and a director of Express, refuses to comment on the Pentagen case because of the US legal action. But he says: "It is easy to read too much into it. This is a normal and sensible way to provide a company secretary. Others do the same thing. It is not in any way abnormal. It is an entirely genuine arrangement which works very effectively."

The situation is far from unique to Jordans. For example, London Law Agency, a rival company registration service, says that it also offers company secretarial services through a non-trading company, called London Law Secretarial.

Mr Ray Hinton, technical partner with Arthur Andersen, says: "I grant you it's misleading." But he says many companies have non-trading subsidiaries. These are often businesses which have been bought and which have a brand-name the new owner wants to maintain, perhaps because customers want to think they are still trading with the original company. "They want to retain the goodwill, but don't want the effort of audited accounts," he says.

Mr Whitwell says that Jordans uses non-trading secretarial companies for all of its customers. The reason, he argues, is simply "administrative efficiency" so that mail received on behalf of companies it represents is not confused with correspondence intended for Jordans itself.

Mr John Franks, a partner with solicitors Chethams and a member of the Law Society's company law committee, stresses that there is nothing illegal about the practice, as long as the ultimate owner (or "principal") of the subsidiary (the "agent") is disclosed. If anything goes wrong, he suggests, it is still possible to sue the principal, even if the contract was drawn up with the agent.

This relationship would appear to be clearly shown in the case of Express, which lists two Jordans directors as its directors, and is ultimately owned by the West of England Trust, the parent company of Jordan Group. West of England is also listed in the latest filings as the company secretary for Express.

None the less, it does seem rather strange. On the one hand, a non-trading company that operates with no employees, no accounts and no transactions passing through its books. On the other, one that is named at the bottom of a contract as the entity which will be providing a range of services for a fee, and which individuals need to be paid to perform. Should its books not at least show a fee for acting as a nominee for another company?

It hardly seems to comply with the requirement that the accounts should show a true and fair view. There again, in the case of a dormant company, there is no need for an auditor to scrutinise the accounts either.

This is what perplexes Mr Robinson. Pentagen entered into a contract with Express, yet Express does not trade even though it pledges to provide a wide range of services. Aside from the requirements set down for a company secretary by law, Pentagen's contract explicitly listed a series of responsibilities to be carried out by Express, including filing documents, supplying minutes for the annual general meeting, and forwarding mail in its role as the registered office of the company.

"People are not getting what they bargained for," he says. "If the subsidiaries are soliciting business and offering to provide secretarial services, they must be trading. Otherwise it's like an egg shell with no yolk or white. There's a real ethical question. When you pay for the service, you are not told the company is non-trading."

Mr Franks is blunter. "To be a non-trading company when you are acting as an agent seems to me to be wrong. If the name is being used, there ought to be accounts which explain the position. But it's part of the mystery of chartered accountancy. It seems to me the existing accounting practices are not sound. They enable things to disappear behind a smokescreen."

The Accounting Standards Board says it has no current plans to consider the status of non-trading companies. But as Mr Franks says: "It's one of the greyer areas of accounting. But we've got so many of those."

Investigation Accountants

c. £25,000 + Car/Mileage Allowance

Solicitors Complaints Bureau, part of The Law Society, is the regulatory body for Solicitors throughout England and Wales. The Investigation Accountant's Team is responsible for investigation of Solicitors' books of account.

A decision to strengthen the team has led to a number of permanent and temporary posts offering mature and experienced Accountants an opportunity to hold an important position within a varied and fast-moving environment.

At least part-qualified, candidates must have professional audit experience, gained within an accounting firm, an enquiring mind and good communication skills. Candidates must be able to handle pressure with a calm approach and a sense of humour and be prepared to travel extensively throughout England and Wales.

Presently situated at Victoria, London SW1, we will be relocating mid 1993. The most likely area for relocation is the Midlands.

In addition to a competitive salary and benefits, permanent staff will be offered a car – temporary staff will receive a mileage allowance.

Application forms are available from Barbara McKelvey, Personnel Manager, The Law Society, 50 Chancery Lane, London WC2A 1SX. Closing date for return of applications is 24th July 1992. All applications will be acknowledged within seven days of this date. Interviews will be held week commencing 3rd August 1992.

The Law Society is committed to Equal Opportunities.

SOLICITORS COMPLAINTS BUREAU

Sector Controller

Central London — **To £40,000 + Attractive Package**

This fast-moving and diverse group is firmly established as a global player. Its portfolio of consumer brands has performed extremely well, despite the current trading climate, and further investment will ensure continued success. Global operations are segmented into three sectors reporting into Group Headquarters in London.

A vacancy has arisen within the Group Finance Team for an individual to play a role in liaising with the Group's US-based international retailing operations.

Responsibilities will include;

- developing a thorough understanding of the sector;
- contributing to the planning and control process through the analysis and review of operating plans, quarterly forecasts and monthly results;
- evaluating capital expenditure requests before submission for corporate approval.

The ideal candidate will be an accountant and an MBA with extensive group financial analysis experience preferably in a head office environment. Sector experience within retail and food is essential. It is unlikely that candidates who have not had previous experience of working in the United States would be considered. An excellent knowledge and understanding of US GAAP and a working knowledge of UK GAAP are essential.

This high-profile and demanding role will require first-rate communication skills, sound technical ability, self-confidence and the drive and determination to succeed in a young and progressive professional environment.

Interested applicants should write to James Hyde, quoting reference number 127J at the address below.

ST. JAMES ASSOCIATES

MANAGEMENT SELECTION

32 Old Burlington Street, London W1X 1LB Fax: 071-287 2821. Telephone: 071-287 2820.

A GKR Group Company

FINANCIAL MANAGEMENT – INTERNATIONAL PLC

Our client is an expanding FMCG manufacturing group with operations in Europe, North America, Africa and South East Asia. In recent years it has embraced "right first time" management philosophies, reflected by substantial investment in IT systems and manufacturing technology. The finance function performs a significant role in the achievement of profitability, operational efficiency and strategic objectives. Two additional finance professionals are now required to take up challenging new positions:-

GROUP MANAGEMENT ACCOUNTANT

Yorkshire

c£30,000 + car

This key position reports to the Financial Director. Initially the Group Management Accountant will undertake projects of strategic importance. He/she will then assume responsibility for all group management accounting functions, long range planning and systems development. In addition the successful candidate will liaise extensively with management at the highest levels and deputise for the Finance Director.

The person appointed will be a qualified accountant with at least four years post qualification experience in industry. Candidates should offer extensive experience of management accounting and a sound understanding of manufacturing and marketing, ideally in a consumer led business. Excellent communication skills and business acumen are essential.

Ref: JW FT/203.

MANAGEMENT ACCOUNTANT

Sri Lanka

£28,000 + full overseas package

The Management Accountant will be based in the capital, Columbo, which is a vibrant city with an established expatriate business community. This is an opportunity to apply a considerable level of personal initiative. Responsibilities include interpretation of management information and development of comprehensive management accounting systems within one of the leading manufacturing companies in the region. The Management Accountant will also instigate effective local decision making and 'train' management and staff in Columbo.

This three year appointment should appeal to a single or married person seeking significant responsibility whilst working in an attractive overseas location. Candidates should be qualified accountants with a detailed understanding of management accounting and a solid grounding in a substantial manufacturing business.

Ref: JW FT/204.

To apply please telephone or write enclosing your CV quoting the appropriate reference number. Accountancy Personnel, 3rd Flr, Carmel House, Fargate, Sheffield S1 2HD. Tel: 0742 738775.

Accountancy Personnel — Hays

Price Waterhouse

EXECUTIVE SELECTION

Internal Audit Manager - Europe

Excellent progression opportunity

c. £45,000 (negotiable) + car — London based

This major international group has a record of success and profitability. With a worldwide turnover in the region of $8 billion, their European operations cover a range of activities from financial services to retailing and are predominately in the UK with growing interests in continental Europe.

This is an opportunity for a young dynamic accountant to establish a pro-active internal audit function to complement the business needs. As such it will offer the chance to develop the scope of internal audit throughout Europe with the necessary authority to make changes where these are needed.

Of particular importance is the fact that this is a genuine springboard into a senior finance role within the group. Indeed, if you see yourself in the same role long term, you are not the person we seek.

You will need to be a Chartered Accountant, ideally "Big 5" trained and are probably aged around 30-35. Internal Audit experience is preferred, possibly gained within the financial services sector. The ideal candidate could well be No 2 in internal audit in a major group, hungry to move into the No 1 role, in order to implement his/her own ideas. Personal characteristics are as important as experience. Diplomacy combined with tenacious scepticism is required, plus the ability to be creative.

Salary will not be a limiting factor for someone who can demonstrate the qualities and potential required.

If you have some interest, but are still hesitating, please telephone Alannah Hunt on 071 939 6068. If you have already made your mind up, send a full CV quoting reference number A/1273 to her at
Executive Selection
Price Waterhouse
Management Consultants
Milton Gate
1 Moor Lane
London EC2Y 9PB

FINANCIAL ANALYSIS MANAGER

Commercial Role: Major FMCG Company

Cambridge
c£35,000
+FE Car

Our Client is a recognised brand leading food company. As part of a major British multinational Group, they have achieved domination of their markets, including significant worldwide distribution. Their objective is to maintain this position by combining extended market penetration with tight operational control. A Financial Analysis Manager is sought to fulfil a dual role. Leading a small professional team you will report to the Financial Director, and in addition act as advisor to the General Manager of a major business unit.

Principal responsibilities will comprise:

- Analysis of financial performance, marketing expenditure and product profitability.
- Commercial advice and interpretation.
- Preparation of strategic plans and budgets.
- Capital and revenue expenditure appraisals.

Candidates will be analytical, able to think strategically, and will demonstrate sound commercial judgement. Possessing a proven track record in the provision of financial information and evaluation within an FMCG environment, you will be a qualified Accountant or MBA aged ideally in your early 30's. For an ambitious self-starter this role provides an excellent opportunity for personal development and further career progression. **Relocation assistance is available if required.**

Please apply directly to Ingrid Flannery at Robert Half, Freepost, Walter House, 418 The Strand, London, WC2R 0BR. Telephone: 071-836 3545. Alternatively, fax your details on 071-836 4942.

London · Birmingham · Windsor
Manchester · Bristol · Leeds
Southampton · Wolverhampton
Brussels · Paris · New York
and 152 offices worldwide

ROBERT HALF

THE HUMAN FACTOR

MAJOR INVESTMENT PROGRAMMES

Financial agent of change
South East
£45,000 + car

This leading utilities company, having successfully grasped the opportunities and challenges of privatisation, is now in the implementation stages of a major change programme. It is currently engaged in hundreds of capital projects as well as changing the way it operates and manages processes, projects and people.

With turnover currently standing at over £1bn, the company has increased investment in capital projects to £400m in the last 2 years. This huge acceleration in activity must be carefully controlled and, as such, a young and highly-ambitious accountant is now required. As one of 4 main reports to the Finance Director, you will provide an internal consulting role to ensure the various change programmes and resultant changes to systems achieve real financial benefits, run to time and budget and achieve synergy with all the other ongoing or planned projects. In addition, you will manage tariffs to maximise profitability and be an agent of change wherever you can encourage cost savings or efficiencies. You will have a pivotal role at a senior level in the company and career opportunities are excellent.

A role of such high profile calls for someone with a strong sense of purpose and achievement. Your minimum five years' post-qualification experience and IT skills will be complemented by the commitment and dedication required to drive forward and successfully implement these investment programmes.

A role of such high profile clearly carries a competitive salary and benefits package including car, pension, private medical care and relocation assistance where appropriate.

To apply, please send a full cv to Guy Hornsby, quoting reference **H7033/FT** on the envelope. Address to the Security Manager if listing companies to which it should not be sent. **PA Consulting Group**, 123 Buckingham Palace Road, London SW1W 9SR.

PA Consulting Group

Creating Business Advantage

Executive Recruitment · Human Resource Consultancy · Advertising and Communications

OIL AND GAS ACCOUNTANT

The opportunity to become Accounting Manager in an international Exploration and Production company

This is a challenging opportunity for a professionally qualified Accountant to head up the Accounting function in a successful independent oil and gas compa y. The company's interests include a variety of operated and non-operated ventures mainly in the North Sea.

You will provide leadership to a young department and will be responsible for all aspects of accounts and financial reporting. This will include joint venture accounting, management reporting and computer based accounting systems.

To be a candidate you will be a Chartered Accountant with experience of accounting in upstream oil and gas and have an understanding of UK petroleum taxation. You will be a good communicator and will have strong organisational skills. An ability to establish immediate professional credibility with senior management is essential.

The company offers a fully competitive salary and benefits package and there are defined future career progression opportunities.

To apply, please write, in confidence, with full CV to: Tony Tucker, SMCL Oil & Gas, 2 Queen Anne's Gate Buildings, Dartmouth Street, London SW1H 9BP. Fax: 071-222 3445, Tel: 071-222 7733.

SMCL OIL & GAS RECRUITMENT

APPOINTMENTS ADVERTISING

appears every Wednesday & Thursday & Friday (International edition only)

For further information please call:

Richard Jones on 071-873 3460

Teresa Keane on 071-873 3199

Alison Prin on 071-873 3607

Philip Wrigley on 071-873 3351

MANAGEMENT ACCOUNTANT

N.W. Kent

c £35,000 plus Financial Sector Benefits

Our ambitious business plan assures our continued growth in the U.K. As part of one of Europe's largest and most successful mutual life companies, we are already a major insurer in group risk and pensions business, with plans to increase our presence in the IFA market by extending our product range.

Reporting to the Finance Director, this newly-created position will play a key role in producing management accounts on a regular basis, as well as budgeting and reporting.

You will have about 5 years' post qualification experience some of which must be in a life office, and in a role which has contributed substantially to major change initiatives. Knowledge of taxation would be an advantage.

Starting salary will be commensurate with experience, and in addition there are generous benefits including mortgage assistance.

Interested? Then please send full CV to Andrew Lewis, Personnel Manager, Swiss Life (UK) plc, Swiss Life House, 101 London Road, Sevenoaks, Kent TN13 1BG.

Swiss Life

FINANCIAL CONTROLLER

London

To £35,000

+ Car + Bens

Forming part of a fully quoted group, this highly successful company operates in a specialist niche arena within the transport industry. As market leaders they face the future with confidence.

Reporting at Director level, the Financial Controller will ensure both the continued integrity of reporting systems and will anticipate the demands a truly dynamic company can place on the finance function. The role will embrace the full range of responsibilities attached to a role of this importance, including the identification and review of potential commercial opportunities, as well as making an effective contribution to business planning. The Financial Controller can anticipate constant interaction and communication with operational management.

The ideal candidate, a graduate qualified accountant, aged to 35, will have a minimum of three years' post qualification experience. Strong commercial flair combined with good acumen and the ability to communicate at all levels are pre-requisite. Experience of the transportation/distribution/shipping industry is highly desirable.

Prospects are truly excellent in this dynamic and commercially astute organisation.

*Interested candidates should contact **Jon Vonk** or **Jonathan Astbury** on **071-629 4463**. Alternatively, send a CV to the address below or fax on **071-491 4705**.*

HARRISON WILLIS
FINANCIAL & LEGAL RECRUITMENT CONSULTANTS
Cardinal House, 39-40 Albemarle Street, London W1X 3FD. Tel: 071-629 4463
LONDON • BRISTOL • GUILDFORD • READING • ST ALBANS

Group Treasurer

Major Saudi-based Foods Group

c£40,000 (Tax Free) + Benefits — **Saudi Arabia**

Our client is a large, highly successful Saudi-owned group of companies which manufactures and distributes a range of foods and food products. The group is profitable and expanding rapidly, throughout the Middle East, Europe and North America.

An experienced corporate Treasurer is now required, who - reporting to the Group General Manager-Finance - will be responsible for the effective management of the group's centralised treasury section on a profit-centre basis.

This senior role will involve the short, medium and long-term management of multi-currency funds; managing cash and bank balances; and developing the group's global banking relationships. You will also oversee the group's foreign currency assets and investments and contribute to the development of group borrowing strategies.

Proven experience spanning at least five years at a senior level in a centralised treasury department involved in multi-currency operations is essential. You will also need the skills necessary to develop and implement cost-effective systems of control, and to manage and motivate the treasury team to provide the highest standards of professional service.

The attractive tax free salary is supplemented by a generous range of benefits which include high quality free accommodation, home leave with free air fares, medical insurance, and education allowance. The post is offered on a two year married-status contract with good prospects for renewal.

Please write - in confidence - with full career and salary details, including a day-time telephone number, to Ghassan Yazigi, Ref 1294/20, MSL Group Limited, 32 Aybrook Street, London W1M 3JL.

MSL International
CONSULTANTS IN SEARCH AND SELECTION

FINANCIAL SERVICES

The Commission is currently responsible for substantial property and land assets valued at £3Bn in the 21 English new towns which include Milton Keynes and Telford. Our Finance Department is being re-organised to support a new corporate organisational structure through the provision of comprehensive financial advice, information and control compatible with both corporate and operational needs. We now wish to fill the following four senior positions:-

Chief Accountant
Circa £36,000 p.a.

This post is responsible to Head of Financial Services and will head up the Accountancy Division managing the work of the centralised accountancy teams, co-ordinating regional accountancy operations; reviewing and improving financial reporting; and providing a major input into the preparation of the annual accounts, budget and corporate plan. London Based.

Treasury Accountant
Circa £30,000 p.a.

This new post will be responsible for the determination of the Commission's investment policy and control of surplus funds, the provision of efficient and accurate cash forecasting; and the development of cash flow information for input into the Commission's business plan. Additionally, the position will have a managerial overview of the insurance, payroll, debtors and cashiers sections. London based.

Principal Finance Officer
Circa £27,000 p.a. (Two Posts)

These posts will report to the regional managers in Telford and Warrington respectively, with specific functional responsibility to Head of Financial Services. The post-holders will be members of the local management team giving financial advice and guidance to all locally based professional disciplines and providing regional financial input into the preparation of annual accounts, budget and corporate plan. One post Warrington and one post Telford based.

The Commission's principal conditions of service and benefits include contract car hire provision, luncheon vouchers, generous annual leave, choice of pension funds and opportunity for performance payments.

Candidates should be highly motivated qualified accountants. For the Treasury Accountant position applicants without a formal qualification but able to demonstrate substantial expertise in this field will be considered.

For an informal discussion (from 20th July) please contact Dennis Hone, Head of Financial Services, on 071-828 7722 Ext. 297.

For an application form and further details, please contact the Personnel Section on 071-828 7722 Ext. 406.

Closing date: 27th July, 1992.

CNT COMMISSION FOR THE NEW TOWNS

Corporate Accountant

HARTSTONE

£35-40,000 + Car + Benefits — **Oxfordshire**

Since its formation just over three years ago, Hartstone has become one of the world's leading distributors of leathergoods and one of Europe's largest hosiery businesses with a current turnover of £375 million. To add to this achievement, profits last year grew by 200% to £22.1 million.

Following the recent promotion of the Group Financial Controller, a position has arisen within the central finance team based in Thame, Oxfordshire. This role represents a first class entry point for a young, highly motivated accountant to join an organisation with an excellent growth record and which offers major opportunities.

Reporting to the Group Finance Director this individual will assume responsibility for a number of key areas, including:

- Overseeing the development of computerised accounting and management information systems.
- Developing close working relationships with overseas operations.
- Producing monthly management accounts for the Board and annual consolidated accounts.
- Providing advice on technical issues to other finance staff.
- Assisting in the year end audit and the preparation of published accounts.
- Production of consolidated budgets and forecasts.
- Involvement in group tax planning.

The ideal candidate will be a graduate, qualified ACA with a first class academic background and will be able to demonstrate successful career progression to date. He or she should possess a strong commercial attitude, and technical and communication skills gained within a commercial or industrial environment.

Proficiency in a second European language would be an advantage.

Interested applicants should write to **John Zafar ACMA** at **Michael Page Finance, Windsor Bridge House, 1 Brocas Street, Eton, Berkshire SL4 6BW.** Please quote reference number 58846.

Michael Page Finance
Specialists in Financial Recruitment
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Glasgow & Worldwide

---

International Trading Company

Financial Director

c. £50,000 Package — North West

The company is a long-established subsidiary of a major multi-national corporation. It is a recognised leader in its field.

THE APPOINTMENT

As a member of the senior management team and an active participant in strategic decision-making, the appointee's responsibilities will include:

- Management of the financial accounting and management reporting functions including forward planning.
- Evaluating the financial logistics of new overseas trading ventures.
- Liaison with the parent organisation.

There is considerable scope for future career development both within the firm and the international group.

REQUIREMENTS

- Probably aged late 30s to mid 40s.
- A recognised accountancy qualification.
- Significant financial management experience, at least to Financial Controller level.

Other desirable attributes include:

- Experience of conducting business overseas.
- Understanding of international trade practices.
- Exposure to trading, merchanting or shipping activities.
- A second language.

Please apply in writing with a full CV and salary details by 28 July 1992 to Geoffrey Mather, **K/F Associates**, Pepys House, 12 Buckingham Street, London WC2N 6DF.

K/F ASSOCIATES
Selection & Search
A DIVISION OF KORN/FERRY INTERNATIONAL

---

*F*inancial *C*ontroller

... an influential role in a forward thinking business

• North West • FMCG • c£39,000 + Car + Benefits

As a well established and profitable company, our client manufactures and distributes a range of high quality FMCG products. Already successful in several well defined niche markets, the company is poised for growth and is now seeking a qualified Accountant, - preferably an ACA - with at least seven years experience in industry.

The position reports to the Managing Director and forms part of the Management Board. Your role will be to provide the company with efficient financial management, improving the flow and quality of information and strengthening controls throughout the business. In this context, you will analyse and report upon all aspects of company performance; ensure the efficient production of financial and management accounts, budgets and cash flow forecasts; expand and develop existing information systems; perform some company secretarial duties; and have overall responsibility for the effective motivation of the Finance Department.

Probably aged 33 - 40, you should have a persuasive personality, high commercial awareness and a proven ability to manage people. You should also have an obvious computer literacy and significant systems experience. Although not essential, a background in FMCG manufacturing is desirable and exposure to a US multi-national company, a distinct advantage.

In return, you will enjoy a highly competitive earnings package as indicated, including a negotiable basic salary and a performance related bonus. Relocation assistance is available, where appropriate.

If you would like to influence the future development of this business, please forward full career and salary details to Jonathan Warnock at Riley Consultancy Services, Trafford House, Chester Road, Manchester M32 0RS. Please quote Ref: JW/104. All applications will be treated in the strictest confidence.

LONDON • ABERDEEN • LEEDS • MANCHESTER • EDINBURGH • RILEY *consultancy services* *• GLASGOW • BRISTOL • NORWICH • BIRMINGHAM • NOTTINGHAM*

FINANCE DIRECTOR

Fully Listed Radio Group

£50k, Bonus, Car, Excellent Benefits

SOUTHERN RADIO PLC
South of England

Southern Radio PLC is searching for the right individual to join a dynamic, newly formed Management Team. The successful candidate will play a key role in completing recent merger arrangements and assisting with the Group's expansion plans. This is an opportunity for someone wishing to commit to a successful, growing company.

The Company

- One of the UK's largest commercial radio groups, with 6 stations in the South of England and radio interests in Europe
- Financially strong, with a turnover of approximately £9m
- An excellent record in programming, sales and promotions
- A focus on financial performance, quality products and trained, motivated people

The Job

- Completing the systems integration of two merged companies
- Instigating improved financial control systems, reporting procedures and information technology
- Playing a key role in the presentation of the company to the City
- Assisting the Managing Director with the company's corporate strategy
- Becoming a key member of a small management team

The Qualifications

- Preferred age 35-45; Qualified Accountant
- Senior level experience in a fully listed company, not necessarily in media
- Exceptional track record in financial management
- Excellent personal and presentational skills
- Proven leadership ability

Write, with a full CV to:- Monique Thomas, Cedar International Management Consultants, 1st Floor, 43 Eagle Street, London WC1R 4AP. Tel: 071-831 8383.

The Top Opportunities Section

appears every Wednesday

For advertising information call:

**Stephanie cox-Freeman
071 873 4027**

**Elizabeth Arthur
071 873 3694**

"World Class Opportunity"

Chief Accountant Essex

PORT OF TILBURY LONDON

The Port of Tilbury serves the world as the port for London. Its competitive and forward-looking philosophy has enabled it to achieve radical restructuring in recent years and, following its privatisation through a management and employee buyout, it is now poised to embark on a period of impressive growth.

A chartered accountant is sought to join the Port at this exciting stage in its development. Key to the role will be the enhancement of the accounting performance and of its contribution to the Port's complex business.

The successful candidate will have at least four years' post-qualification experience in an appropriate commercial environment. You will see this as an opportunity – and a challenge – to make your mark in a significant role.

The job requires team management ability, influencing skills and plenty of initiative, and a practical, 'sleeves up' approach is needed as well as all-round technical ability.

If you have the range of skills and business maturity that we seek, an impressive career lies ahead with this 900 strong, £50 million business, as well as a competitive salary and benefits package, which includes a company car.

Applicants are invited to send their cv, together with current salary, to our Consultant, Karen Scott-Evans, P-E International Plc, Park House, Wick Road, Egham, Surrey, TW20 0HW. Reference 4736.

P-E International

3386

QUALIFIED ACCOUNTANT TRAVEL INDUSTRY

An expanding and very positive Tour Operator requires a qualified accountant to join its management team.
Reporting to the MD, responsibilities will be for all financial aspects of the company with direct responsibility for:
Budgets and Cash Flow projections
Management Accounts
Reports for board of directors
Financial Statements
Supervision of accounts department
A knowledge of Sun Accounts System would be an advantage.
Salary according to suitability and experience.
Please send CV to Mountain Consultants, 15 Edgware Road, London W2 2JE

HQ FINANCIAL CONTROLLER

C. London — To £36,000 + Car

Qualified ACA with a minimum of 5 years PQE, excellent technical experience gained within a Commercial environment and a good working knowledge of French, urgently required for leading International Group. Responsible to Group FD for provision of full financial and management information, analysis and support. Contact Justine Aspey, Financial Selection Services, Drayton House, Gordon Street, London WC1H 0AN. Tel: 071 387 5400 (eves 0483 504 699) Fax: 071 383 0857. Quoting ref: 100730

Russian crop estimate raises bread price fears

By John Lloyd in Moscow

EARLY FORECASTS suggest that the Russian harvest this year wil reach 98m tonnes – 8m tonnes higher than last year's poor harvest, but about 10m tonnes down on initial estimates made during the spring sewing campaign.

At the same time, the republic's government is now expressing serious worries about the prospects for an increase in the price of bread, both because of the much higher prices already being demanded by farms for grain deliveries and because the price of imported grain to the purchasers will increase by some five times because of the abolition of state import subsidies, which set an artificially high exchange rate for imports of 20 roubles to the dollar.

The price of a loaf of bread, which was less than one rouble only last year, has already increased more than tenfold. However, it is now generally accepted in government circles that further sharp price increases must be avoided – especially for bread, which is even more than ever an indispensable part of the diet for poor and even average families.

Mr Victor Khlystun, the Russian agricultural minister, told a conference of local authority leaders on Wednesday that the 98m tonnes expected was down on the 104m to 108m tonnes originally forecast. He also said that that the harvest of potatoes, Russia's other staple food alongside bread, would also be down from last year's level. But he gave no figures for potato production.

The government and the state farms, which still command the republic's agricultural sector, are now engaged in a prolonged wrangle over prices of grain.

The Interfax news agency reported yesterday that producers are demanding wheat prices ranging between Rbs13,000 and 20,000 a tonne; the Russian Pricing Committee is proposing Rhs6,800 a tonne; and the agriculture ministry is trying to compromise on Rbs10,000 a tonne.

The government is anxious to conclude contracts with the farms soon, in order to avoid being forced to pay higher prices – and it intends to use part of the $1bn tranche the International Monetary Fund has agreed to given to Russia for this purpose. However, preliminary contracts with farms cover only 24.5m tonnes of grain, and no prices have yet been agreed.

Last year the farms managed to withhold deliveries until the last moment, thus forcing up the price to the state. This year, however, the farmers' shortage of cash, the high inflation rate and the severe problems experienced in buying fodder for livestock are expected to force a number of farms to conclude early contracts.

The price of bread, at presently about 10 roubles a loaf, will at least double even if the government can keep the price down to about Rbs10,000 a tonne. Imported grain, which might make up between a quarter and a third of all requirements, will now be priced to the purchasers at the full market rate of the rouble, at present over Rbs130 to the US dollar.

Mr Vladimir Shumeiko, the first deputy prime minister, told the local authorities' conference on Wednesday that the state budget would again have to subsidise the price of imported grain, if a loaf of bread priced at Rbs80 was to be avoided.

The Russian government has earmarked Rbs130m to finance the dispatch of troops to help collect the grain harvest, according to the official Itar Tass news agency.

General Alexander Rutskoi, the republic's vice president, said on Central television on Wednesday that Russia would be forced to "beg again round the world and collect humanitarian aid" unless all efforts were concentrated on getting in the harvest this year.

S Africa's Impala Platinum hit again by labour unrest

By Philip Gawith in Johannesburg

IMPALA PLATINUM, the world's second largest producer, has again had production disrupted by labour unrest at its Bophuthatswana operations.

Impala said about 10,000 employees did not turn out for Wednesday's night shift, nor for yesterday's day shift, at the Bafokeng South mine. The stay-away affects about a quarter of Impala's production of 20,000 troy ounces a week.

Labour relations at Impala have been fairly quiet during the past six months; a company official says the last strike was in March. This compares with the second half of 1991 when labour difficulties caused shaft closures and lower productivity, resulting in about 100,000 ounces of lost production.

Mr Jerry Matjatladi, spokesman for the National Union of Mineworkers (NUM), says workers had stayed away in protest at an attack by mine security on workers attending a meeting to report back on wages and conditions of work.

It is ironic that Impala should again be at the receiving end of worker displeasure in a week when it emerged that it has been having indirect talks with the NUM. Mr Marcel Golding, assistant general secretary of the union, confirmed that two rounds of talks had been held between Impala management and the "central council" of Impala's worker's, assisted by the NUM.

The reason for much of the labour troubles last year was that the government of Bophuthatswana, the homeland where all Impala's mines are found, refused to allow the South African-based NUM to represent Impala's workers, because it was a foreign union. The NUM, despite the fact that about 60 per cent of Impala's workers are its members, refused to register because it did not want to recognise the sovereignty of Bophuthatswana, which it regards as an illegitimate creation of apartheid.

The NUM has subsequently applied for registration in Bophuthatswana, but this has not yet been granted. The current talks are apparently an attempt to circumvent the legal restrictions.

Although the recent spike in the platinum price, which rose in a short period from $360 to over $380, has been attributed to concern about the impact of mass action on South Africa's platinum production, analysts dispute this analysis. Mr Kevin Kartun, mining analyst at stockbrokers Frankel, Max Pollak says it has more to do with dealers short of metal covering positions than concern about industrial action. He adds that both Impala and Rustenburg Platinum, the world's largest producer, have enjoyed relative industrial harmony in recent months.

Mr Kartun says the last large stay-away hardly touched the mining industry, and given difficult economic conditions, and given the relative affluence of platinum miners, he does not expect much disruption to platinum production from industrial action.

Romanian farmers wait to see how the land lies

A vast majority has yet to receive titles to redistributed property, writes Virginia Marsh

MR DAN Claudio Tanasescu, the mayor of Mogosoaia, a small farming village on the outskirts of Bucharest, made the national media last month when he became the first mayor in the county to complete distribution of land ownership certificates.

To the outsider this may not seem a great achievement but in Romania the farmers of Mogosoaia are among the lucky few. The Ministry of Agriculture says that more than 70 per cent of agricultural land in the country is now in private hands, but 18 months after the passing of a land law re-establishing inheritance rights, less than 120,000 of Romania's 5.1m new land owners have received titles to their property.

Difficulties in implementing the land law and carving up more than 8m hectares of land surface are at the centre of the problems besetting private agriculture in Romania, which was one of Europe's richest farming nations before communist rule.

With state farming, which still dominates livestock, milk and egg production, showing a steady decline, Romania needs to boost private agriculture to offset food shortages and cut agricultural imports, which cost the country $243m in the first five months of this year.

Without titles to their property, private farmers cannot raise capital using land as collateral. And without capital they have been unable to buy enough seed or fertiliser, let alone invest in the new machinery needed for the small plots of farmland that have taken over from large state co-operatives. The Ministry of Agriculture estimates that more than a fifth of last year's potential grain harvest was lost because of fertiliser shortages.

The absence of full ownership rights has also restricted the buying and selling of property, leaving the country's private agricultural land in uneconomical units of up to 10 hectares, the maximum amount granted to re-instituted owners under the land law.

With plantings in many key crops, notably barley, maize and sugar beet, well down on last year, prospects for the 1992 harvest seem gloomy. Anticipating further shortages, the government has already banned the export of most staple food items, while the Ministry of Agriculture estimates that the country will import 1.5m tonnes of grain this year.

Local groups have been formed to work the land while ownership disputes are being resolved

Some help is on the horizon. Last month month the World Bank announced a loan of $100m for credits to private farmers. The Romanian government has already set aside $26m to be lent to farmers at an interest rate of 15 per cent, less than a fifth of the base rate, while part of a 32m Ecu grant for agriculture from the European Community is being used to buy measuring equipment needed to speed up the division of land.

However, many believe the key to revitalising agriculture in Romania lies in re-awakening the population's interest in the land. "With their policy of industrialisation, the communists tried to destroy agriculture. Cities like Bucharest have more than doubled in the past two decades at the expense of rural areas, which are now severely underpopulated," says Mr Vasile Hreamata, an agriculture specialist at Codif, a local consultancy firm, partly owned by Charterhouse Bank, the UK-based merchant bank. "Romanians have to be encouraged to move back to the countryside: agriculture is where our future lies."

Mr Hreamata believes there are already some positive signs. "Up to 15 per cent of the residents of Bucharest spend their weekends and holidays working on land they have recently re-inherited, if it is within 100 km (60 miles) of the city," he says. And with unemployment expected to double to more than 1m, about 12 per cent of the workforce, this year, he expects that many will find it profitable to move out of the cities permanently.

Mogosoaia's Mr Tanasescu agrees. "There is renewed interest in farming and initiative-taking," he says, pointing to the speed with which local farmers formed groups to work the land while ownership disputes were resolved. Nearly 90 per cent of private land in the village is being farmed this year by the three new associations that have replaced the state co-operative.

The mayor estimates that private farmers are twice as productive as the co-operative was. "There is a big incentive – with Bucharest less than 20 km away, farmers can sell their produce in the markets very easily and profitably. People are beginning to realise this."

He believes productivity in the country will increase dramatically once other mayors follow his example.

But returning the land to its rightful owners is a difficult and expensive task, and in villages larger than Mogosoaia, the process is likely to take much longer. As Mr Tanasescu points out, it took the communists 12 years to collectivise Romania's farmland. With the country desperately short of funds, it appears the country's rich farming potential will go unexploited for some time to come.

Much tin capacity 'still unprofitable'

By Kenneth Gooding, Mining Correspondent

TIN PRICES have risen by more than 25 per cent since the beginning of this year but even so about a third of the industry's production capacity was still unprofitable, Mr Campbell Anderson, managing director of Renison Goldfields Consolidated, the Australian mining group, pointed out yesterday.

The recent price rise "probably has gone too high too quickly", and was likely to stabilise before moving up again, he suggested. "But I'm reasonably bullish about tin."

Mr Anderson warned that there was still a great deal of production capacity that could be brought back into operation at little cost if prices continued to rise. However, the Malaysian government had recently said tin was no longer strategically important so was unlikely to subsidise the restart of dredgers there.

Renison last year came close to closing its tin mine on Tasmania's west coast – the world's only underground tin mine – because of low prices. Employees agreed to a productivity scheme which cut the workforce by 100 to 250 with the aim of sustaining annual output at about 6,000 tonnes of tin but reducing production costs to $6,500 a tonne. In fact, costs had been reduced to about $5,500, said Mr Anderson, who was speaking to the Association of Mining Analysts in London.

Tin averaged $2.53 a lb last year ($5,556 a tonne) and analysts have been revising their forecasts for 1992 in response to the metal's strong price performance so far. Mr Nick Moore at Ord Minnett suggests the price will move up to an average of $3 a lb this year and to $3.80 in 1993. Mr Robin Ebar, consultant to Carr Kitcat & Aitken, looks for $2.65 a lb this year and $2.95 next year.

US primed for fresh trade war salvo

By Nancy Dunne in Washington

WITH THE latest failure of the European Community and the US to resolve their differences over farm trade in Munich, Washington farm groups and legislators are now focusing on a provision in the US farm law that could allocate millions more dollars for American food export subsidies.

Mr Edward Madigan, the US agriculture secretary, has promised to activate the "Gatt trigger," due to go off if no Uruguay Round agreement was reached by June 30, 1992. He is now being pressed to give details of his plans.

"We're anxiously awaiting word," said Mr Jim Petterson, spokesman for Congressman Dan Glickman, chairman of the House wheat, soyabeans and feedgrains subcommittee.

Mr Glickman late last month wrote to the secretary, urging "full disclosure, up front, of your plans to implement this law" so that farmers and agribusiness would not be left "in the dark."

"What export programme's funding do you intend to increase by $1bn as required," he asked. "Do you intend to spread this increase over the next three fiscal years or expend it all in one?"

The "Gatt trigger," contained in the 1990 Farm Act is, in fact, two triggers. The first, for 1992 authorises the administration to make "marketing loans" for wheat and feed grains. These loans – now in effect for soyabeans, cotton and rice – encourage exports by reimbursing farmers for sales at a specified level, even if they must sell at a lower price.

The first trigger also allows the agriculture secretary to spend up to $1bn more for "export promotion" or export subsidies. The second trigger – set for June 30, 1993 – would waive budget-saving provisions in the 1990 Act and release more funds for exports.

"We would unleash our competitiveness," said Ms Nancy Foster, an official with the American Soybean Association. "We would become a tougher, meaner, more aggressive player."

WORLD COMMODITIES PRICES

MARKET REPORT

COPPER came in for hefty profit taking on the LME after hitting new 18-month highs. Firmness on Comex provided some impetus, and the three-month price rose to around $2,519 a tonne before technical traders elected to take profits. Both New York and London remain underpinned by developments in Poland, where KGHM miners are unhappy with the government's 17 per cent pay offer and intend to strike on July 20. SILVER remained steady on the London bullion market as fears faded of further heavy Middle East sales after news that Sheikh Khalid bin Mahfouz, former chief operating officer of the Jeddah-based National Commercial Bank, had been fined $170m by the US Federal Reserve Board for violations of US banking law. Dealers estimated NCB silver sales at more than 40m troy ounces, worth $160m, which as one dealer commented "fits the fine." London COCOA prices closed mixed, while robusta COFFEE rose up to $26 a tonne on short covering and option-related buying. Traders said cocoa could still extend its recent rally as the Ivory Coast appears reluctant to make large sales while ICCO pact talks are in progress in Geneva.

Compiled from Reuters

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)		+ or -
Dubai	$18.35-8.40z	+.125
Brent Blend (dated)	$19.75-9.80	-.025
Brent Blend (Aug)	$19.95-20.00	
W.T.I (1 pm est)	$21.30-1.35z	
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$220-222	
Gas Oil	$182-184	-0.5
Heavy Fuel Oil	$82-84	
Naphtha	$193-195	
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♦	$347.65	-0.05
Silver (per troy oz)♦	391.0c	
Platinum (per troy oz)	$383.50	-1.50
Palladium (per troy oz)	$84.25	+0.25
Copper (US Producer)	117.15c	-0.08
Lead (US Producer)	37.0c	
Tin (Kuala Lumpur market)	17.63r	+0.10
Tin (New York)	330.50c	-1.0
Zinc (US Prime Western)	62.0c	
Cattle (live weight)†	110.06p	+1.63*
Sheep (live weight)†♦	82.40p	+6.25*
Pigs (live weight)†	91.66p	+3.34*
London daily sugar (raw)	$254.0w	+2.0
London daily sugar (white)	$294.3w	+0.3
Tate and Lyle export price	£241.0	+2.5
Barley (English feed)	£111.0	
Maize (US No 3 yellow)	£149.0	
Wheat (US Dark Northern)	Unq	
Rubber (Aug)♥	50.50p	+0.50
Rubber (Sep)♥	50.50p	+0.50
Rubber (KL RSS No 1 Jul)	220.0r	
Coconut oil (Philippines)§	$550.0t	-10.0
Palm Oil (Malaysian)§	$362.5z	+5.0
Copra (Philippines)§	$372.5	
Soyabeans (US)	£136.0	+1.0
Cotton "A" index	65.60c	+0.40
Wooltops (64s Super)	377p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. t-Aug/Sep y-July w-Jul/Aug z-Aug. †Meat Commission average fatstock prices. * change from a week ago ♥London physical. §CIF Rotterdam. ♦ Bullion market close. m-Malaysian cents/kg ♣Sheep prices are now live weight prices. ‡‡ previous figure should have been 220.5

SUGAR – London FOX ($ per tonne)			
Raw	Close	Previous	High/Low
Aug	226.00	227.00	226.20
Oct	210.00	214.20	214.00 209.00
Dec	200.00	198.00	195.40 190.00
Mar	200.00	204.60	204.80 204.80
White	Close	Previous	High/Low
Aug	290.00	293.00	292.90 288.00
Oct	265.00	266.50	266.50 262.00
Dec	264.00	267.00	266.00 262.50
Mar	267.00	270.00	268.00 265.00
May	270.00	273.60	271.70 268.00
Aug	275.00	278.50	278.50 273.00

Turnover: Raw 101 (100) lots of 50 tonnes. White 1925 (1514) Paris- White (FFr per tonne): Aug 1482.34 Oct 1392.79

CRUDE OIL – IPE			$/barrel
	Latest	Previous	High/Low
Aug	19.98	20.00	20.04 19.81
Sep	20.07	20.07	20.14 19.90
Oct	20.13	20.12	20.14 19.97
Nov	20.06	20.10	20.11 19.97
Dec	20.05	20.04	20.10 20.00
Jan	19.97		20.01 19.94
IPE Index	20.02	20.15	

Turnover 33000 (34584)

GAS OIL – IPE			$/tonne
	Close	Previous	High/Low
Jul	182.25	182.50	182.50 179.75
Aug	184.25	184.25	184.25 181.75
Sep	186.00	186.25	186.25 183.75
Oct	188.50	189.00	188.50 186.75
Nov	190.50	191.00	190.75 189.00
Dec	191.50	192.00	191.75 189.50
Jan	190.75	191.00	190.75 189.00
Feb	186.00		186.50 186.00

Turnover 29224 (22878) lots of 100 tonnes

FRUIT AND VEGETABLES

Best fruit buys this week include raspberries at £1.30-1.60 a lb (£1.30-1.50) and gooseberries at 45-55p a lb (40-60p), reports FFVIB. Other good fruit buys are New Zealand kiwifruit at 16-20p each (16-20p) and Carmol Perlette grapes at £1.40-1.80 a lb (£1.80-2.00). English carrots are the best vegetable buy at 12-20p a lb (20-30p). English potatoes are 10-15p a lb (10-15p). English tomatoes at 40-45p a lb (45-55p), along with Beef tomatoes at 55-65p a lb (50-75p) and cherry tomatoes at 60-70p per 10oz pack (78-83p) are all best salad buys this week. Other good buys include English and Dutch peppers at £1.00-1.20 a lb.

LONDON METAL EXCHANGE		(Prices supplied by Amalgamated Metal Trading)				
	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 30,902 lots
Cash	1302-3	1316-7	1306	1291-2		
3 months	1327-8	1341-2	1338/1313	1316-7	1326-7	166,684 lots
Copper, Grade A (£ per tonne)						Total daily turnover 34,405 lots
Cash	1332-3	1311-2	1329	1328-9		
3 months	1340-0 5	1319-20	1350/1324	1338-6.5	1340-1	130,502 lots
Lead (£ per tonne)						Total daily turnover 3,804 lots
Cash	317-8	315-6		312.5-3		
3 months	328-9	327-8	335/324	323-3.5	331-3	24,808 lots
Nickel ($ per tonne)						Total daily turnover 4,206 lots
Cash	7565-65	7610-20	7520	7518-20		
3 months	7625-30	7675-80	7680/7570	7585-8	7610-20	25,170 lots
Tin ($ per tonne)						Total daily turnover 1,093 lots
Cash	7105-15	7155-65	7135	7125-35		
3 months	7125-30	7175-80	7170/7110	7140-50	7130-5	11,112 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 15,560 lots
Cash	1304-6	1299-301		1306-6.5		
3 months	1315-6	1305-6	1320/1307	1315-6	1314-5	65,347 lots

LME Closing £/$ rate:
SPOT: 1.8965 | 3 months: 1.8882 | 6 months: 1.8342 | 9 months: 1.8145

LONDON BULLION MARKET (Prices supplied by N M Rothschild)		
Gold (troy oz)	$ price	£ equivalent
Close	347.50-347.80	
Opening	347.10-347.50	
Morning fix	347.20	181.116
Afternoon fix	347.25	182.331
Day's high	347.60-347.90	
Day's low	346.80-347.10	

Loco Ldn Mean Gold Lending Rates (Vs US$)			
1 month	3.07	6 months	3.01
2 months	3.02	12 months	3.05
3 months	3.01		

Silver fix	p/troy oz	US cts equiv
Spot	204.60	390.85
3 months	209.70	394.05
6 months	214.70	397.55
12 months	224.35	405.10

GOLD COINS	$ price	£ equivalent
Krugerrand	346.00-348.00	179.00-181.00
Maple leaf	357.60-359.90	-
New Sovereign	83.00-85.00	43.00-45.00

TRADED OPTIONS				
Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Sep	Dec	Sep	Dec
1250	78	108	8	15
1350	20	47	49	53
1450	2	16	130	119
Copper (Grade A)	Calls		Puts	
2450	98	96	21	61
2550	41	51	64	115
2650	13	24	135	186
Coffee	Sep	Nov	Sep	Nov
650	113	131	1	4
700	68	89	6	12
750	33	55	21	28
Cocoa	Sep	Dec	Sep	Dec
575	41	71	7	12
600	25	54	16	20
625	14	40	30	31
Brent Crude	Aug	Sep	Aug	Sep
2000	15	51	19	47
2050	6	33	65	
2100	3	19	119	

COCOA – London FOX			£/tonne
	Close	Previous	High/Low
Jul	594	591	600 595
Sep	609	610	622 604
Dec	635	635	649 631
Mar	664	664	675 659
May	681	680	690 680
Jul	698	695	703 701
Sep	714	713	713 712
Dec	741	740	741 738

Turnover: 8130 (8088) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Jul 8 773.72 (749.03) 10 day average for Jul 9 731.88 (720.88)

COFFEE – London FOX			$/tonne
	Close	Previous	High/Low
Jul	750	724	744 728
Sep	762	737	770 735
Nov	779	754	785 754
Jan	790	774	790 772
Mar	812	789	805 790
May	818	808	808

Turnover:6293 (2738) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Jul 8: Comp. daily 48.67 (48.08) 15 day average 47.43 (47.49)

POTATOES – London FOX			£/tonne
	Close	Previous	High/Low
Apr	79.5	82.7	81.0 78.8

Turnover 209 (130) lots of 20 tonnes.

SOYAMEAL – London FOX			£/tonne
	Close	Previous	High/Low
Aug	-	116.80	

Turnover 0 (150)lots of 20 tonnes.

FREIGHT – London FOX			$10/index point
	Close	Previous	High/Low
Jul	1080	1057	1080 1060
Aug	1120	1080	1120 1095
Sep	1155	1115	1156 1125
Oct	1232	1210	1232 1215
Jan	1242	1234	1242 1240
Oct	1300		1300
BFI	1057	1063	

Turnover 329 (271)

GRAINS – London FOX			£/tonne
Wheat	Close	Previous	High/Low
Sep	112.40	112.00	112.75 112.25
Nov	115.50	115.25	115.80 115.20
Jan	118.65	118.70	119.15 118.55
Mar	121.30	121.50	122.00 121.30
May	124.75	124.50	124.75
Barley	Close	Previous	High/Low
Sep	111.00	110.75	111.00 110.70
Nov	114.35	114.30	114.80 114.25
Jan	117.50	117.60	117.50 117.45
Mar	120.00	119.45	120.00 119.80
May	121.75	121.45	121.75 121.50

Turnover: Wheat 222 (178) , Barley 146 (275).
Turnover lots of 100 Tonnes.

PIGS – London FOX	(Cash Settlement) p/kg		
	Close	Previous	High/Low
Jul	117.0	114.0	116.0 114.5
Aug	106.0	104.8	106.0 105.0
Sep	105.5	105.0	106.0 105.0
Oct	105.5		106.0 105.0
Nov	104.5	105.0	105.0 104.5

Turnover: 174 (48) lots of 3,250 kg

New York

GOLD 100 troy oz.; $/troy oz.				
	Close	Previous	High/Low	
Jul	348.7	347.6	0	0
Aug	349.4	348.4	349.5	347.8
Sep	350.2	349.2	0	0
Oct	351.1	350.1	351.1	349.7
Dec	353.0	352.0	353.2	351.4
Feb	354.9	353.9	355.0	353.4
Apr	356.8	355.8	356.3	355.8
Jun	358.8	357.8	358.8	358.5

PLATINUM 50 troy oz; $/troy oz.				
	Close	Previous	High/Low	
Jul	388.0	382.8	389.0	389.0
Oct	389.5	384.8	390.5	385.5
Jan	387.9	382.8	388.0	384.5
Apr	387.9	382.8	0	0

SILVER 5,000 troy oz; cents/troy oz.				
	Close	Previous	High/Low	
Jul	392.6	388.3	393.0	389.5
Aug	393.7	389.5	0	0
Sep	394.7	390.5	395.0	390.5
Dec	398.7	394.5	399.0	395.0
Jan	400.3	396.1	0	0
Mar	403.2	399.0	402.0	401.0
May	406.2	402.0	405.5	402.0
Jul	407.0	405.0	407.5	406.5
Sep	410.5	408.0	410.0	409.5
Dec	416.0	413.1	415.5	414.0

HIGH GRADE COPPER 25,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Jul	111.60	112.70	113.95	111.00
Aug	111.65	113.05	114.20	111.30
Sep	111.55	113.05	114.25	110.90
Oct	111.00	112.30	0	0
Nov	110.80	112.00	0	0
Dec	110.55	111.65	112.75	109.95
Jan	110.05	110.95	0	0
Feb	109.65	110.45	0	0
Mar	109.05	109.75	110.60	108.50

INDICES

REUTERS (Base: September 18 1931 = 100)			
Jul 9	Jul 8	mnth ago	yr ago
1563.0	1545.8	1591.0	1729.8

DOW JONES (Base: Dec. 31 1974 = 100)				
	Jul 8	Jul 7	mnth ago	yr ago
Spot	118.40	118.09	119.34	125.78
Futures	119.00	118.78	119.36	122.45

CRUDE OIL (Light) 42,000 US galls $/barrel				
	Latest	Previous	High/Low	
Aug	21.35	21.41	21.45	21.28
Sep	21.34	21.38	21.45	21.26
Oct	21.34	21.35	21.42	21.24
Nov	21.34	21.33	21.40	21.26
Dec	21.32	21.31	21.41	21.21
Jan	21.29	21.23	21.32	21.20
Feb	21.25	21.14	21.21	21.08
Mar	21.16	21.04	0	0
Apr	20.94	20.94	0	0
May	20.85	20.86	0	0

HEATING OIL 42,000 US galls, cents/US galls				
	Latest	Previous	High/Low	
Aug	5930	5906	5965	5870
Sep	6030	6015	6070	5980
Oct	6145	6120	6180	6100
Nov	6250	6220	6285	6225
Dec	6340	6310	6360	6290
Jan	6375	6345	6375	6340
Feb	6290	6260	6298	6275
Mar	6065	6030	6065	6040
Apr	5850	5815	5870	5830
May	5670	5660	5670	5670

COCOA 10 tonnes;$/tonnes				
	Close	Previous	High/Low	
Jul	985	990	980	963
Sep	1015	1036	1031	1003
Dec	1075	1094	1088	1063
Mar	1120	1133	1125	1110
May	1150	1161	1155	1150
Jul	1178	1186	1178	1161
Sep	1207	1215	0	0
Dec	1248	1255	1236	1226
Mar	1286	1295	0	0
May	1316	1323	0	0

COFFEE "C" 37,500lbs; cents/lbs				
	Close	Previous	High/Low	
Jul	59.05	59.40	59.50	58.80
Sep	60.95	61.15	61.90	60.80
Dec	63.60	63.90	64.30	63.10
Mar	66.25	66.40	66.90	65.80
May	70.10	70.40	70.50	69.75
Jul	72.20	72.40	72.50	72.50
Sep	74.25	74.45	0	0
Dec	77.40	77.65	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Oct	9.30	9.52	9.54	9.22
Mar	9.23	9.33	9.35	9.10
May	9.20	9.27	9.28	9.07
Jul	9.13	9.22	9.25	9.07
Oct	9.08	9.10	9.05	9.00

COTTON 50,000; cents/lbs				
	Close	Previous	High/Low	
Jul	63.75	65.80	65.40	63.25
Oct	63.75	63.63	64.05	63.30
Dec	62.52	62.26	62.75	62.08
Mar	63.58	63.23	63.70	63.10
May	64.20	63.85	64.20	63.80
Jul	64.45	64.00	64.75	64.00
Oct	63.58	63.68	63.75	63.75

ORANGE JUICE 15,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Jul	128.60	127.00	127.60	126.50
Sep	123.05	124.30	124.00	122.80
Nov	116.90	117.20	117.10	116.10
Jan	114.75	115.00	115.00	114.00
Mar	114.65	114.85	115.25	114.40
May	114.65	114.85	115.25	114.50
Jul	114.15	114.35	0	0
Sep	114.15	114.35	0	0
Nov	114.15	114.35	0	0

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel				
	Close	Previous	High/Low	
Jul	569/6	574/6	575/2	569/4
Aug	573/4	578/6	579/6	573/0
Sep	575/4	581/2	583/0	575/0
Nov	581/4	587/4	589/6	581/0
Jan	589/4	595/4	597/0	589/2
Mar	598/4	604/4	606/0	598/0
May	606/0	611/2	612/4	606/0
Jul	609/6	615/2	615/0	609/4

SOYABEAN OIL 60,000 lbs; cents/lb				
	Close	Previous	High/Low	
Jul	19.74	19.85	19.87	19.71
Aug	19.84	19.96	20.01	19.81
Sep	20.00	20.12	20.14	19.95
Oct	20.14	20.26	20.28	20.11
Dec	20.45	20.58	20.60	20.40
Jan	20.56	20.71	20.65	20.56
Mar	20.86	20.97	21.00	20.83
May	21.11	21.20	21.20	21.07

SOYABEAN MEAL 100 tons; $/ton				
	Close	Previous	High/Low	
Jul	175.4	176.5	178.0	174.8
Aug	175.8	176.1	176.6	175.3
Sep	176.4	176.9	177.5	176.0
Oct	193.1	193.2	193.7	192.2
Dec	192.8	193.3	193.7	192.0
Jan	193.0	193.6	194.0	192.5
Mar	194.3	194.6	195.0	193.6
May	194.3	195.5	195.5	194.2

MAIZE 5,000 bu min; cents/56lb bushel				
	Close	Previous	High/Low	
Jul	242/2	243/4	243/6	241/6
Sep	241/2	242/0	242/0	240/6
Dec	243/0	243/4	243/6	242/2
Mar	251/0	251/2	251/4	250/0
May	255/6	256/0	256/0	255/0
Jul	259/6	259/6	260/0	258/4

WHEAT 5,000 bu min; cents/60lb-bushel				
	Close	Previous	High/Low	
Jul	335/6	340/4	340/4	335/4
Sep	338/0	342/6	343/0	337/4
Dec	348/2	352/2	352/2	348/0
Mar	350/2	354/2	354/4	350/2
May	343/0	345/4	346/4	343/0

LIVE CATTLE 40,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Aug	73.375	72.125	73.450	72.200
Oct	73.100	72.225	73.225	72.200
Dec	71.200	70.325	71.475	70.400
Feb	70.500	69.925	70.800	69.900
Apr	72.050	71.475	72.200	71.400
Jun	69.075	69.650	69.250	0

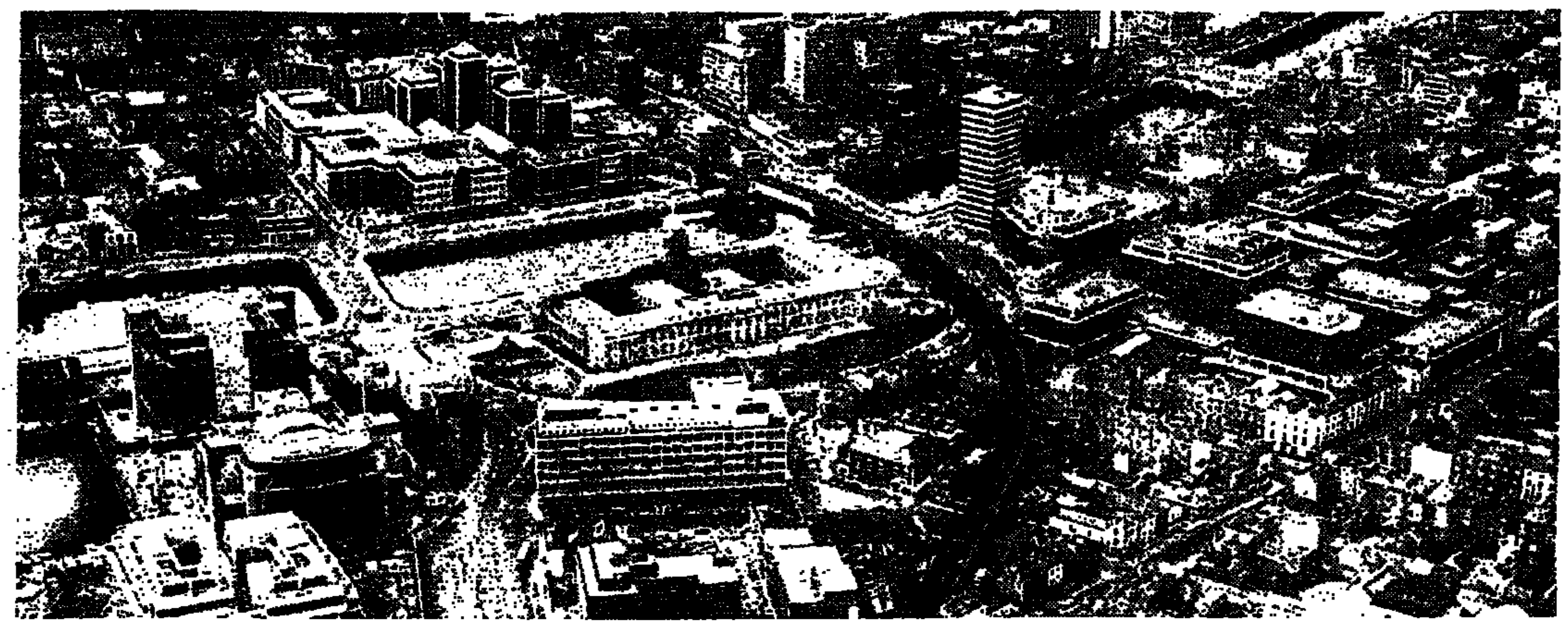
LIVE HOGS 40,000 lb; cents/lbs				
	Close	Previous	High/Low	
Jul	46.300	48.200	46.525	46.000
Aug	43.325	43.000	43.700	42.700
Oct	38.500	38.850	39.200	38.500
Dec	39.600	39.500	40.100	39.600
Feb	41.050	40.800	41.250	40.800
Apr	40.450	40.350	40.700	40.400
Jun	45.950	45.875	46.150	45.875

PORK BELLIES 40,000 lbs; cents/lb				
	Close	Previous	High/Low	
Jul	30.975	30.100	31.100	30.300
Aug	27.750	27.125	28.050	27.300
Feb	37.325	36.875	37.400	36.975
Mar	36.850	36.600	37.100	36.700
May	38.100	37.700	38.100	37.700
Jul	37.250	36.900	37.250	0

FINANCIAL TIMES SURVEY

European Finance and Investment: **Ireland**

Friday July 10 1992



Dublin's International Financial Services Centre, left: and, right, a view of Dublin's financial district, with a superimposed impression of the new George's Quay, (top left), Irish Life's £100m development, now being built across the river from the Custom House

Market's nerves steadied by Maastricht vote

Ireland has proved more resilient to the recession than its main trading partners, and on economic convergence criteria it is better placed for an early incorporation into European monetary union than most of the EC's member-states, reports **Tim Coone** from Dublin

IRELAND is staying on the fast track to European monetary and political union. The republic's overwhelming approval of the Maastricht Treaty, last month, has steadied market nerves and steeled government resolve to forge ahead with plans to place Ireland among the first group of EC countries to adopt a single European currency by the end of the decade.

The 70:30 majority in favour of the treaty has given a powerful mandate to Mr Albert Reynolds, the Irish prime minister. The tough economic policies that economic convergence requires, which are vital to continuing investor confidence in the Irish economy, will continue.

The doomsday that had been depicted by Mr Reynolds (German fund managers shouting "Sell" down the telephone to their Irish gilts brokers, foreign investors abandoning their factories and workforces, panic-stricken dealers watching helplessly as the Irish stock market index dived off trading screens in the wake of a No vote) was clearly sufficient to outweigh any nagging doubts the average Irish voter might have had about abortion, neutrality, and the environment within Greater Europe.

Pre-referendum tension has been replaced by a balmy, midsummer preoccupation with more mundane affairs: Catholic schoolgirls sneak a lunchtime smoke in the park, and lament having missed the recent Prince concert in Dublin; last week's TV reports from Wimbledon caught the interest of beer-bellied pub-goers; and the discovery, by a turf cutter, of a woman's skeleton in the Wicklow mountains, occupied the imaginations of the tabloids' headline writers.

But if the Irish government can afford itself some self-congratulation on the Maastricht result, it cannot allow itself the luxury of complacency.

On the positive side, Ireland's economy has performed remarkably well over the past year. It has proved more resilient to the recession than its main trading partners, and on economic convergence criteria it is better placed for an early incorporation into EMU than most of the EC member states. The Central Bank's 1992 summer report records a 1.5 per cent growth in GNP in 1991, and a projection of 2.5 per cent growth for this year.

It notes "an impressive performance of exports" in 1991, a further improvement in the trade balance in 1992, and it predicts that the government borrowing requirement of 2.4 per cent of GNP this year "will be broadly in line with budget targets." Inflation was down to 3.2 per cent per annum last year, and the currency stayed comfortably within the limits of the upper band of the ERM.

None the less, a number of problems lie in ambush. Inflation is creeping up, projected at 3.7 per cent for 1992. A tranche of public sector pay awards has been deferred into 1993 and 1994, waiting to explode like a time-bomb under the government's finances if economic growth over the next two years is insufficient to increase tax revenues to meet the additional bills. Failure to meet the awards would put an end to five years of relative peace on the industrial relations front in Ireland.

An increase in EC structural and cohesion funds has been vectored in to the government's budget calculations, to help fund essential infrastructural projects, to offset anticipated losses of revenue resulting from EC tax harmonisation measures, and to confront the rising unemployment problem caused, in part, by the measures undertaken to put Ireland on course for Emu.

Should the increase not be forthcoming, and economic recovery is delayed in the UK and the US, two of Ireland's most important trading partners, then the Irish government will face serious financial difficulties.

Privatisations offer some room for manoeuvre. But a lingering whiff of scandal in several state enterprises, and a lack of political will in the face of stiff union resistance, rule out any significant initiatives before 1994.

A continuing flow of inward investment thus remains the key to the government's strategy for sustained economic growth.

Mr Bertie Ahern, the Irish finance minister, told a visiting group of US businessmen recently: "We are extremely dependent upon international trade. That fundamental fact is the single greatest influence on our economic policies."

He declared that Ireland's commitment to a low-inflation economy, a strong exchange rate policy and a responsible fiscal stance are central to maintaining Ireland's competitiveness within the EC – and to provide a stable platform for inward investment. "Ireland can be your gateway to that market," he said.

US investment comprised 52.5 per cent of all overseas investment in Ireland during the past two years. The Industrial Development Authority (IDA) notes in its annual report, published at the end of June: "There are over 1,000 overseas companies in Ireland employing 93,000 people and contributing approximately I£4.1bn to the Irish economy in wages and purchases."

About 8 per cent of Ireland's total workforce, and almost 45 per cent of its manufacturing workforce, are thus employed by foreign companies, which have been attracted by low corporate tax rates, generous grants and Ireland's skilled labour. But serious questions are now being raised as to whether Ireland is getting value for its money.

The IDA reports that its grant-aided schemes created 12,439 new first-time jobs in 1991 at a cost of I£14,000 per job. Over the same period, unemployment grew by almost 30,000. The unemployment total is expected to hit 300,000 by the end of the year and, at 21 per cent of the workforce, is already the highest rate in the EC.

Emigration has been the traditional escape valve to ease the demographic pressures swelling the workforce, but in the past year this has proved to be a two-way street. Not only has emigration halted, but emigrés are returning home to Ireland as jobs also disappear in the UK and the US. The Central Bank estimates that in the absence of emigration an additional 20,000-25,000 jobs need to be created each year, to prevent unemployment rising higher.

Earlier this year, an important re-assessment of industrial policy was elaborated, on behalf of the Industry ministry, by a think-tank of Irish industrialists, financiers and trade unionists.

Their recommendations (published in what is known as the Culliton report) are that the more labour-intensive food industries should be specifically targeted for growth; that tax reform and a widening of the tax base should be carried out urgently; that equity stakes rather than grants should be increasingly used by the IDA to finance projects, and that the concessionary 10 per cent corporate tax rate for manufacturing industry should be phased out after the year 2010.

Mr Ahern's Finance Bill this year has sought to address the report's recommendations on taxation. He has closed many tax avoidance loopholes, lowered the basic and top rates of income tax – and mounted a witchhunt to catch evaders. But his move to encourage short-term savings, with a concessionary 10 per cent tax rate on interest earnings, has angered the investment community, which says that long-term savings are being adversely affected – especially those destined for the equity markets. Brokers identify this

Continued on next page

Banks and building societies compete fiercely for business

Rationalisation required

THERE is certainly no lack of choice in financial services in Ireland. There are over 30 licenced banks and building societies, with five retail banks and five building societies offering some form of nationwide service.

Competition for customers is fierce, the range of products wide, standards of personal service high but falling as the relentless drive for newer and more sophisticated technology continues.

A noticeable feature of the market over the last six years has been the blurring of the lines between banks and building societies as each invaded the other's traditional territory in the hunt for business.

Until about 1986, banks stuck to banking and building societies to their traditional role as providers of mortgages and high-interest savings accounts. But as the banks sought new lending opportunities they too began offering mortgages, and they now account for some 35 per cent of the total mortgage market.

Bank of Ireland, the country's second largest retail bank, stole a march on its rivals with the purchase of the ICS Building Society in 1986. Now the so-called Big Four banks – AIB, Bank of Ireland, National Irish and Ulster – each offer their own mortgage packages, though ICS does not compete with Bank of Ireland's mortgage business.

"The banks realised they had no service to offer when customers were making one of the most important decisions of their lives – buying a house," says Mr Brian Wilson, AIB's group general manager for Ireland. We were simply not capitalising on a very warm customer relationship."

AIB now claims between 15 and 20 per cent of the mortgage market.

However, for the Irish banks the expansion of the 1980s has not all been smooth. With the economy sluggish and heavily dependent on a move out of recession in its two main export markets in the UK and US, bad debts have risen and huge losses have been incurred by some banks on badly timed overseas expansions.

The Bank of Ireland may have pulled off a coup by buying the ICS Building Society, but nothing it has bought since *has been so rewarding*. It followed AIB into the US banking market by buying First New Hampshire Bank (FNH), but so far has not earned a penny in return. In 1991 alone FNH lost IR£76.6 million, up from IR£60 million the previous year. The cost of the FNH acquisition is put at some $500 million to the Bank of Ireland so far.

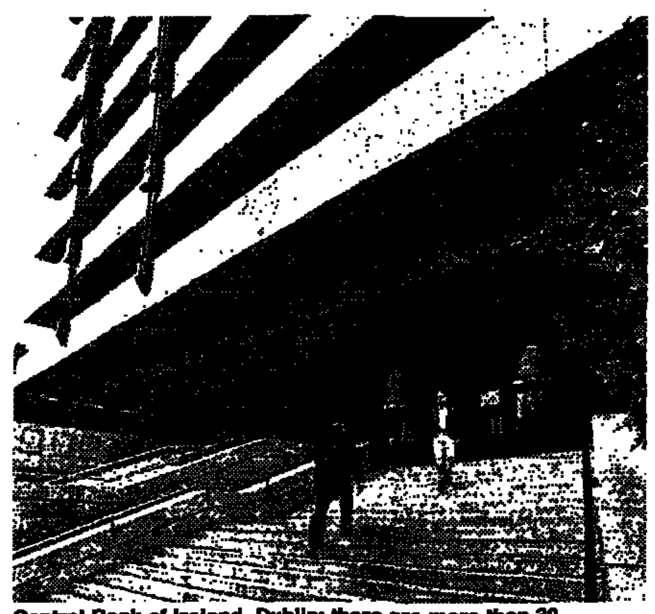
AIB, the country's biggest bank, is one of the few European banks to have bought a successful US bank. It owns First Maryland Bancorp, based in the Washington D.C area, where the stability of its customer base has ensured consistent profitability.

Bank of Ireland and AIB were for years seen as peas in a pod. When one moved, the other was bound to emulate it. This has stopped since the Bank of Ireland's purchase of FNH.

In the intervening five years, AIB has grown to be about twice as big as its nearest rival in terms of market capitalisation.

National Irish Bank, part of the National Australia Bank group, and Ulster Bank, owned by National Westminster of the UK, have established large branch networks throughout the country and now challenge for business in most of Ireland's large towns.

They have now been joined by a fifth, the TSB Bank, formed at the beginning of June from the merger of Trustee Savings Bank Dublin and the Cork and Limerick Savings Bank. There was a neat dovetail between the branch networks of the two banks, which included the capital and the important southern market, taking in Cork and the rich Golden Vale farming area.



Central Bank of Ireland, Dublin: there are more than 30 licensed banks and building societies in the country

Management of the building societies has traditionally been viewed in banking circles as sleepy and lacking in sufficient experience to challenge the banks in their own markets.

But the building societies have not been idle. Stung by the banks' move into their traditional markets, they have fought back aggressively with new products.

The market is dominated by five big societies, the Irish Permanent, First National, Irish Nationwide, Educational and ICS. The Irish Permanent is the biggest, with a mortgage *book estimated at IR£1.2 billion*. It has recently made some key appointments, including Mr Peter Ledbetter from GPA Group as executive director and Mr Roy Douglas from AIB as chief operating officer.

"Certainly the banks' move into the mortgage market made us react," says Mr Gerry Murphy, assistant general manager at the First National. "They had a product which suited their customers. But I think it helped us to get out of the mindset that there was no competition for mortgages. I think we have fought back very well and are now competing very aggressively."

Competition has now shifted to the area of savings. Mr Murphy describes the competition for resources over the last two years as "vicious."

Bankers are among the first to acknowledge that Ireland is severely overbanked. Subsidiaries of international banks such as ABN Amro, Citibank and BNP are fighting the large domestic banks for a share of the fiercely competitive corporate sector.

They have gained some market share, notably in the food industry, but have been badly hit by the collapse of Goodman International and United Meat Packers, Ireland's two largest beef processors, which collapsed in 1990 and 1992 respectively.

Consolidation within the financial services industry is seen as both *inevitable* and desirable over the next few years. Of the commercial banks, Bank of Ireland is generally regarded as the most vulnerable, especially if it cannot turn around FNH. Profits in the year to the end of March rose from £54m to £77m, but for the second successive year it has had to dip into reserves to pay its dividend. AIB reported profits of £186 million.

"There has to be rationalisation," says Mr Jim Lacey, chief executive of National Irish Bank. He claims that his bank's Australian parent is committed to maintaining its presence in Ireland, but as the smallest of the retail banks it is also vulnerable.

Among the building societies the drive towards plc status is expected to continue, though there is a clause preventing holdings above 15 per cent for five years. Mr Tony O'Connell, managing director of ICS, sees Irish societies following the UK trend and forging mergers within the sector.

"I've always been surprised that there have not been more mergers among the societies, which could have been achieved by a simple transfer of engagements. Size is important and becoming more so," he says.

Vincent Boland

How the banks and building societies compare

■ Building societies	Total assets IR£m	Pre-tax profit IR£m 1991
Irish Permanent	1,600	14.7
First National	1,223	11.1
Educational	1,095	12.9
ICS	833	14.3
Irish Nationwide	507	14.1
■ Banks		
AIB	18,248	185.8
Bank of Ireland	14,797	76.8
Ulster bank	4,342	44.3 *
National Irish	850	16.1

*figures in sterling; includes N.Ireland

Non-life insurance business suffers heavy losses

Continued from previous page

as one of the reasons for the poor performance of the equity market at present. Mr Ahern has promised to review the bill.

The government is also under pressure to intervene in the insurance industry, where non-life insurance business has suffered heavy losses in recent years, pushing up premiums and making insurance very expensive in Ireland.

Mr Brian Duncan, the outgoing president of the Irish Insurance Federation, said recently: "If the cost in Ireland exceeds the norm in other European countries then it represents a real competitive disadvantage to Irish firms."

Awards on claims are increasingly settled through the courts in Ireland; the result has been awards running at levels well above those in other European Community countries. However, the government is wary of wading in with legislation to limit court awards, *partly for fear of a confrontation* with the judiciary, and the possible constitutional implications, but also because it is from the courts that the next political crisis in Ireland may emerge.

The scandals which led to the resignation last February of Mr Charles Haughey, the former prime minister, have still to be cleared up. They are currently bogged down in what appear to be interminable official inquiries. Failure to nail the culprits will be seen as a political failure by the government.

But the beef tribunal, the most explosive issue, will reach its *dénouement* in the coming weeks. Some of those expected to testify – regarding allegations of political favouritism in the allocation of government export credit insurance to beef processors such as Mr Larry Goodman, Ireland's and Europe's biggest – are *none other than* Mr Haughey, Mr Reynolds, Mr Des O'Malley, the Industry minister, and Mr Goodman himself.

The initial verbal sparring outside the courts indicates considerable divergences of opinion over what actually happened in the granting of the insurance for beef sales to Saddam Hussein's Iraq in 1988.

A cartoon recently published on the front page of the Irish Times summarised a man-in-the-street's view of what went on. It portrayed a man holding out a collecting can for *contributions to different party funds* to a housewife replying "No – I already gave at the butcher's."

Mr Reynolds and Mr O'Malley, the leaders of the two parties in the government coalition, have so far made contradictory statements on those events in 1988.

The Tribunal will either resolve them, or else they could lead the country to an early general election.

High level of insurance claims

Premiums have soared

AS anyone who owns a car in Ireland will testify, the cost of insuring it is enough to make you want to take the bus. And it isn't just cars: other non-life premiums such as employer and public liability are also high relative to elsewhere in the European Community.

According to a study carried out for the Irish Insurance Federation (IIF) by the accountants Coopers and Lybrand last year, motor insurance costs in the Republic of Ireland are in most cases more than twice as high as in the UK.

The study found that the cost of comprehensive cover is 48 per cent higher, while non-comprehensive cover is 133 per cent higher. But only 38 per cent of Irish drivers have comprehensive cover, compared to 73 per cent of drivers in the UK.

The reasons for this are in many cases interlinked. First, as the study showed, personal injury claims are two and a half times more likely to arise than in the UK. But perhaps more importantly, personal injury awards are also much higher. Claims under comprehensive cover are up to three times more expensive; claims under non-comprehensive cover are five times higher.

The explanation lies in the number of accidents on Irish roads every year. Based on the number of casualties per vehicle registered in Ireland, there are two and a half times as many fatalities resulting from accidents than in the UK.

Irish people are also far more likely to sue for damages than people elsewhere, according to insurance companies. They say the first notification of a claim they receive is often a solicitor's letter.

In an attempt to bring down the high cost of insurance and personal injury claims, the government passed legislation in 1988 abolishing the use of juries in settling claims. But despite this, the level of awards continues to be very high.

"The overall cost of litigation and awards has not changed because of the legislation," says Mr Aidan Cassells, director general of the IIF. "They are more consistent but there has been no significant reduction."

Mr Eamonn Walsh, managing director of Hibernian, the country's largest independent general insurance company, agrees that public and employer liability premiums are high but not out of line with elsewhere in the EC – "the level of personal injury claim is high but there is no real difference in cost," he says. "It does arise in certain situations, and within individual companies I think *laissez faire* management is to blame for the level of claims by employees. But in general, industrial insurance is comparable. We do not, after all, have a very industrialised economy. A lot of our manufacturing is *high technology, where there* is very little risk."

All are agreed, however, on the need to reduce the level of court awards – "something has to be done, either at EC or at national level," says Mr Cassells. "But it is a difficult issue to address. The independence of the system of deciding awards makes it nearly impossible to change them."

THE IIF sees a cap on the level of damages as the most logical route for less serious injuries. The IIF has been active in promoting greater safety awareness on roads, which, coupled with tougher enforcement of road traffic laws, led in 1990 to a six *per cent drop in the number of* accidents.

Insurance companies are chalking up heavy losses in motor and liability underwriting business. In 1990, the last year for which figures are available, motor underwriting losses amounted to £130m, an increase of 12 per cent on the previous year. The good news, though, was that the rate of growth of losses appeared to be slowing.

Guardian Royal Exchange lost £36.5m on motor premium income of £54m. Its subsidiary New PMPA, which rose from the ashes of the collapse of the original PMPA insurance company in 1984, lost £11m on premium income of £91m.

Liability insurance is also unprofitable. In 1990 companies reported total underwriting losses of £54m on premium income of some £140m. Indeed, of the 38 companies licenced to write general insurance business in the Republic of Ireland in 1990, only 11 recorded underwriting profits.

Total underwriting losses amounted to £171m on premium income of £800m. Fire and property insurance showed underwriting profits of £7m on premium income of £168m, with the vast bulk of those profits generated by the Irish arms of overseas insurance companies.

The high-cost environment has not, however, dissuaded many of the big overseas insurance companies from competing in the Irish market. In fact, the non-life market is dominated by the big UK insurers, including Guardian Royal Exchange, General Accident and Eagle Star. As Mr Walsh points out, the UK insurers have traditionally seen Dublin as another branch, like Glasgow or Liverpool.

Vincent Boland

PRIVATISATION

Sell-off plans hit by delays

PRIVATISATION has never been the buzzword in Ireland that it became in Margaret Thatcher's Britain. The Ireland of prime ministers Garret FitzGerald, Charles Haughey, and, since February, Albert Reynolds, has no great vision of the joys and virtues of ushering state-run bodies into the private sector. Nor has there been a big drive to widen share ownership among the population.

There are good reasons for *this*.

First, there are only 3.5m people in the 26 counties of the republic, and the economy is only now getting rid of its almost total dependence on agriculture. The economy has also been slowed by the recession of the early 1990s – although Ireland, not having reached the dizzy heights of the mid-1980s, was affected correspondingly less by the downturn.

However, last year there was a limited foray into privatisation, with two part sell-offs of Irish Life, a financial institution, and the sugar producer Greencore.

Other candidates for privatisation which were being discussed two years ago, such as the Irish telephone monopoly, Telecom Eireann, and the Industrial Credit Corporation (ICC), will not now be sold off for at least another two years.

In the case of Telecom, the delay could be longer, depending on how long it takes the dust to settle from the I£19.4m sale of a former bakery near the US embassy in Dublin to Telecom within a year of it having been bought for a much smaller sum.

The roles of Mr Michael Smurfit, the former chairman of Telecom, and Mr Dermot Desmond, a leading Dublin stockbroker and former consultant to the communications body, are being examined by a government-ordered inquiry which shows little sign of clarifying the matter.

"Telecom will have to be whiter than white before the government sells it off," said a leading Dublin business analyst.

"The privatisation process had virtually begun last year, before these matters arose, and now these so-called scandals have derailed it."

There is also stiff union opposition to the sell-off plan. Last September, when it became known that the government had suggested that Telecom commission a study of its prospects, including privatisation, the unions declared that the government had promised previously that privatisation was not on the agenda.

A statement by Mr David Begg, the general secretary of the Communications Workers Union, extolled Telecom as "a jewel of great price . . . it would *be extremely unwise to sell it* off for a once-off cash sum".

The union claims that because few Irish buyers could raise the estimated I£1bn or more purchase price, it would probably be sold to foreign interests, which it sees as bad for Ireland.

It also argues that, without any accompanying legislation to license other telephone operators, a monopoly would fall into private hands.

UNIONS such as Mr Begg's are forces to reckon with, as the management of An Post (the Post Office) found during the recent six-week mail strike, which cost it millions of pounds in revenue.

Telecom is profitable, but it does have a fairly high ratio of debt to equity. This would have to be reduced, and manning levels rationalised, before it was put on the market.

Scandal allegations have also tainted Irish Sugar (Siuicre Eireann), which was brought to the market as Greencore in April last year, with 55 per cent of the shares on offer and the government retaining the other 45 per cent.

The sugar company had been performing creditably in the six months before the float, or semi-float, with pre-tax profit climbing from I£11,648,000 to I£14,361,000. Hence the issue was six times over-subscribed, with more than 16,000 applications for shares valued at a total of I£250m.

However, a series of court hearings and investigations into the business practice of the former chief executive, *Mr Chris Comerford, will have to* end before more shares are offered on the market. The government did sell off another 15 per cent of its holding, but analysts say this did not help the prospects of full privatisation and served to undermine confidence in the company.

Irish Life, the third largest financial institution in Ireland, was the other part-privatisation. It went to the market last July, when the government reduced its stake from 90 per cent to 34 per cent.

Analysts believe the government will have to wait for the economy to improve before any appetite for Irish Life shares would justify the administrative costs of a sell-off.

"We don't have a policy on privatisation as such", said a spokesman for the Department of Finance, which handles such activity. "Each situation would be handled as it arose, and on its own merits."

He referred *to a general reference* in the government's Programme for Economic and Social Progress (PESP), launched at the beginning of 1991: "The government's objective in developing state companies is to enable them to contribute better to the economy and to employment. Private involvement in state companies can, in various ways and depending on the circumstances of each company, help the companies to achieve this objective."

While it is perhaps not enthusiastic about the idea of privatisation, the Fianna Fail government is as keen as anybody to boost the exchequer. However, the organisations equivalent to the big privatisations achieved or scheduled to go ahead in Britain (British Telecom, British Gas, British Rail) are often not in the right shape for offers to the public.

The Irish railway, Iarnrod Eireann, is far from robust and has never been a likely candidate for privatisation. However, Bord Gais, the gas authority, is reasonably strong, with very competitive, market-conscious consumer policies. The Electricity Supply Board (ESB) is also a competent performer.

However, Mr Robbie Kelleher, head of research at Davy Stockbrokers, questions the benefits of privatising either the electricity or gas authorities. "What would you gain?", he says. "They would inevitably be split into generating and supply units, so instead of one utility which was doing OK you would have two, each with its own costs and administration."

The Irish Parliament building: while the Fianna Fail government favours the diversification and expansion of state companies and may not be enthusiastic about the idea of privatisation, it is nevertheless keen to boost the exchequer

The Industrial Credit Corporation (ICC), a bank set up in 1933 to help small businesses, was described confidently in 1990 as "next in line" to be privatised. Since then nothing has happened except the queue for privatisation has disintegrated. The government's 98 per cent share remains untouched.

Should it wish to sell, which is still spoken of as "in about two years", it would not have to pass enabling legislation as the ICC works in some ways like a trustee bank. The Ulster Bank, Banque Nationale de Paris and Kredietbank have at times been named as likely buyers. However, a spokeswoman for ICC's newly installed chairman, Mr Ted MacRedmond, said the ICC accepted that the climate is not right for bank sell-offs, and that situation will not alter for at least two years.

Mr Kevin Barry, head of research at National City Brokers (NCB) in Dublin, suggests Bord Gais and Aer Rianta, the Irish airports authority, as likely candidates.

Aer Rianta, unlike the national carrier, Aer Lingus, has stayed in profit in recent years, although it experienced a blip in 1991 which was put down to the Gulf War.

"Aer Rianta is not even a semi-state body yet, but a department of the administration, so it would have to be made a semi-state body in the first place," Mr Barry pointed out. Aer Rianta's annual profitability of around I£25m should make it easy to attract buyers.

Angela Long

INWARD INVESTMENT

People are often the main incentive

WHEN tourists from around the world are asked which aspect of Ireland they enjoy the most, the answer is frequently: "The people."

The same answer is often given by foreign executives when asked why they are pleased with their operations in "the Emerald Isle." There are 1,000 foreign companies in Ireland. A recent survey on what a sample of them like about the country showed "people/ambience" at the top of the list, closely followed by qualities of the workforce, namely youth and skills.

Ireland has been at pains to stress its young, highly-educated wealth of graduates, especially in technical disciplines. More than half the population is under the age of 26.

About 60 per cent of Irish 18-year-olds are studying or undergoing a training course, compared with 35 per cent in Britain. The percentage of tertiary students pursuing engineering, science or business-related studies is also around the 60 figure.

With the world recession, the "migration" of so many bright young things to London and New York has tailed off as job opportunities in the megalopolises disappear. On the other hand, the current number of jobs in Ireland with foreign companies is 92,000 – nearly 10 per cent of the workforce.

English being the main language is of course an advantage to the two largest foreign investors, the US and Britain, although it was mentioned only as something of an afterthought by the 14 respondents in the survey commissioned by Allied Irish Banks (AIB) International Corporate Banking.

One in four – a surprisingly low percentage – said the generous tax concessions on offer for the next 18 years were a prime incentive to invest in Ireland.

Corporation tax for manufacturing and some service industries is fixed at a maximum of 10 per cent until 2010, but five years earlier for financial institutions operating in Dublin's International Financial Services Centre (IFSC). Nobody seems to be looking beyond these magic dates at the moment, although managing director of the Industrial Development Authority, the chief promoter of inward investment in the country, Mr Kieran McGowan, envisages European community battles on levels of financial incentives.

"The EC is talking about a ceiling on these types of incentives," said Mr McGowan."We argue that small countries such as Ireland are disadvantaged in attracting industry, so should be able to offer extra benefits."

The largest foreign investor in Ireland is the US, with about 350 American companies having operations there. Here is an area, unlike tariffs, where all seems to be sweetness and light between the two countries. Mr Gene Harris, the commercial attache at the US Embassy in Dublin, says there is an undeniable cultural affinity – about 45m Americans have Irish ancestry, according to the latest census – but the preference is more hard headed than that.

"That figure of 350 represents a very high level of investment for the US," he says. "If you compare it with,

Dealers in Dublin: Ireland is promoting the skills of its growing financial services sector to attract more international investors

say, Denmark, also a EC member, the company count there is only 185 and yet Denmark has twice the population of Ireland." The US presence is in fact the highest per capita investment it has anywhere in the world.

Mr Harris mentions the highly-trained labour force as a factor in US preference: "I don't believe all the glowing IDA publicity, but I find when I ask American companies here what problems they have had there is a pause. They have to scratch their heads and think about it, whereas anywhere else in the world there seems to be an automatic litany of complaints as soon as you put that question."

Apple computers have had its most profitable operation anywhere, in Cork, according to Harris, although a big withdrawal recently suggests that this may not be much help to the company at the moment.

Low labour costs have certainly helped the balance sheets of many companies. Taking Ireland as 100 units in a scale of comparative labour costs in Europe, it is nearly half as expensive as Germany (192) and has a definite advantage over Britain (117).

Things have gone well for Coke in Ireland. The drinks company has had operations here since 1952, and Coca-Cola Atlantic was formed in 1974. The company recently announced a I£127m expansion of its concentrate manufacturing plant in Drogheda, in the north-east of the republic, with 11,000 extra square metres and 140 new jobs over five years.

A new company, Coca-Cola Reinsurance Services (CCRS), is also being set up in Dublin's IFSC. The company will provide insurance for all Coca-Cola properties outside the US and Canada.

Maidenform, best-known as a bra maker, is one of dozens of foreign companies operating in the special industrial zone around Shannon, in the mid-west. Top secret information such as the average bust size of women in the 50 counties where Maidenform has markets is held here. Humdrum assembly and repackaging for Asian markets are other concerns.

Other US developments include establishment of the European headquarters for Adam Spence, the medical components manufacturer, and a new laboratory for Carlow Associates of Virginia, which works in human factor and ergonomics studies. Adam Spence expects to create 50 jobs at its facility in Boyle, County Roscommon.

Carlow will be looking for psychology and computer science graduates for its work, which entails investigations of errors and human performance. Its clients include the NASA space agency, the US Army and Navy, and the French Ministry of Defence. To date it has investigated the role played by human error in the Three Mile Island nuclear accident and studied the need for high-mounted braking lights on cars.

The US is still the main focus of its attention, says Mr McGowan at the IDA, but a lot of effort is currently being put into wooing British and German interests, particularly in the financial services and software sectors.

Japan has not been a target yet, although its representation is respectable, at 35 firms including Fujitsu (which has four plants), Atari, Hitachi, Brother and NEC. Korea has two operations in Ireland.

Interest from that part of the world is also bearing fruit with a small number of Australian operations. There is already a financial presence, for example National Australia Bank's ownership of National Irish Bank, forerunner of a possible trend towards mergers and acquisitions rather than greenfield projects from foreign interests.

Allied Smokeless Fuels, a Queensland company, is importing anthracite from Australia to process in Ireland and take advantage of the market created by smokeless fuel regulations around, for example, Dublin. Michel, an Australian leather goods company, has just agreed terms with the IDA on a I£27m investment in a plant at Carrick-on-Suir, County Tipperary, "the leather capital of Europe", according to the IDA.

The 23-year-old authority is an aggressive marketer of the advantages of locating in Ireland. Across the board, it now sees big opportunities in telemarketing, with the 340m consumers of the EC just on the doorstep. "For telemarketing, all you need is, one, people, and two, telephones, and we feel we have particular strengths in both areas," said Mr McGowan.

The authority is working closely with Telecom Eireann to develop this market, and Telecom claims an investment of £3.5bn in digital and fibre-optic technology will make it a leading competitor.

Electronics and pharmaceuticals have been two strong areas for foreign investment. Here again availability of local staff skilled in electrical engineering and chemistry is attractive.

Sectors which Ireland is concentrating on are financial services and software. The IFSC, a 1980s glass and towers project in Dublin's equivalent of London's Docklands, has had reasonable success in attracting tenants.

Angela Long

FOOD PROCESSING

Poised for expansion

ON June 18, the day of Ireland's referendum on the Maastricht treaty, the Irish Farmers' Association published a large front-page advert in the Irish Farmers' Journal saying: "Your most important task today – vote YES for your families' future."

Most farmers did not need persuading. In many rural areas over 70 per cent of voters gave their approval to the treaty. Common Agricultural Policy reforms notwithstanding, Irish farmers obviously concluded that an EC with EMU is infinitely preferable to an EC without Ireland.

Ireland's dairy and beef industries continue to be mainstays of the economy. It is estimated that food production accounts for 10 per cent of GNP and 20 per cent of total exports. One in seven people are involved in farming. As one market analyst says: "It is hardly surprising that the main home-produced soap opera on TV in Ireland is set on a farm."

Beef production has grown tenfold in Ireland as a result of EC membership. Dairy output has been similarly stimulated. But what of its food processing industries? According to a recent industrial policy review study, known as the Culliton report, "since Ireland joined the EC, Irish food manufacturing has declined significantly in the face of more liberal market conditions. Consequently imports of manufactured foods have risen steeply . . . a priority for Irish manufacturers must be to increase domestic market share and reduce imports".

Mr Liam Connellan, the director-general of the Confederation of Irish Industries, said: "The value-added at the manufacturing stage in the food industries is an average of only 3 per cent, whereas it should be possible to achieve 15 per cent as it is in the UK and other parts of Europe".

MUCH has been blamed on the complacency produced by dependence on EC intervention buying of Irish produce. In 1990, 40 per cent of beef production and 50 per cent of skimmed milk power and butter was sold into intervention, making Ireland one of the biggest users of intervention-buying mechanisms in the Community.

However, significant changes are taking place in the industry. The emergence of the dairy co-operative-plc hybrids in the late 1980s, with their access to stockmarket funds, has created a powerful and rapidly-expanding new sector of Irish-owned industry which is international in outlook with ambitions to match.

The transformation began in 1986 with the flotation of Kerry Group, the country's first dairy co-operative-plc hybrid, and has since been followed by Avonmore, Waterford, and Golden Vale. Greencore, the state sugar company, was floated last year.

Virtually insignificant ten years ago, food companies now account for more than 10 per cent of the Dublin Stock Exchange's market capitalisation. All have turned in respectable results for the past year, despite the recession, and all are engaged in ambitious acquisition programmes in an effort to diversify, achieve economies of scale and increase market share abroad.

Kerry Group has been the trailblazer. Starting out as a small farmers' co-operative in 1974, with an annual turnover of I£23m in dairy products, it reported I£24.1m pre-tax profits in 1991 on a turnover of I£755m. Dairy products now comprise only 25 per cent of turnover, while meat processing accounts for 50 per cent and food ingredients the other 25 per cent.

It is the latter which has generated the most excitement. In 1988 the group purchased Beatreme Food Ingredients in the US, which Mr Hugh Friel, the company's deputy managing director, said "produced a major change in the organisation".

KERRY is now a leading producer of specialised food ingredients in the US, and sources one of those ingredients, casein (a by-product from butter production), from its dairy processing plants in Ireland. It has also become a large supplier of branded consumer food products to UK multiple retail outlets. Mr Friel says that further expansion in the US, UK and Europe is envisaged.

However, further growth at Kerry, as well as the other co-operative-plc hybrids, will eventually require a change in their shareholding structure. At present, all stipulate that the co-operative shares must not fall below 51 per cent without a majority decision of the shareholders.

Kerry has come closest to that threshold and is likely to be the first to break it. Five thousand farmers currently hold a 58 per cent stake in Kerry through the Kerry cooperative, a stake which has been diluted through successive rights issues made to finance the acquisition programme.

Will the dairy farmer-shareholders be willing to cede control of their company?

Mr Friel says: "There's a lot of money tied up in that 58 per cent and the growth we have achieved has never been at the expense of the milk price paid to our producers."

He predicts that the change will occur "within two years". If Kerry leads, it is probable that the farmer-shareholders at the other co-operative-hybrids will follow.

The government is meanwhile preparing to change tack on its industrial support programme, to give greater incentives to investment in the food industry, which the Culliton report identified as requiring special attention.

Shortly after Mr Albert Reynolds became prime minister earlier this year, he placed special emphasis on the importance of the food industries for Ireland's economic development and said it would be one of his priorities to encourage growth and investment in the sector.

Civil servants in conjunction with industry representatives are currently drawing up a national food industry development plan, on the basis of recommendations made in the Culliton report, and this should be ready later this year.

The shake-up, when it comes, will produce one of the biggest overhauls of Irish industrial policy for decades, and position its food industries for a prolonged and sustained period of growth.

The farmers will doubtless feel justified in having demonstrated their faith by voting for Maastricht last month.

Tim Coone

Regulatory structure to be updated

New framework for stock market

ABOUT a year from now, the Irish Stock exchange will sever an historical link with London which goes back almost two centuries to when dealers first traded out of coffee houses in the main cities of the British Isles. The link was formalised in 1973 with the amalgamation of the seven regional exchanges into the Stock Exchange of Great Britain and Ireland.

A new Bill is due to be passed next summer which will break this umbilical cord, creating a new regulatory framework for the market, and giving statutory control to the central bank. This, in turn, will delegate the day-to-day policing of the market to the Irish Stock Exchange itself.

The move is not due to national chauvinism or disenchantment with London. It is simply that the legislative framework in the UK has evolved rapidly in recent years, triggered by Big Bang, and the need to regulate an increasingly sophisticated market based on on-screen and paperless trading.

The event will not produce a major trauma for the market: indeed, most traders will barely notice the difference, according to Mr Tom Healey, general manager of the Irish Stock Exchange, who says there will be minimal changes. "There will be an updating of the regulatory structure, to reflect the many new instruments and ways of doing business that have evolved in recent years but there will be no effect on listings. It is more to do with brokers and the relationships with their clients." All leading Irish stocks are quoted on the London exchange and this will continue after the change.

Dublin will be linked to the Taurus electronic settlements system in London, but Mr. Healey says it will not be necessary to duplicate the legal structure that has been put in place in the UK – "the UK took the pathway of dematerialisation, but there is the alternative of demobilisation of paper, which can have the effect of creating a paperless market without dematerialising it. Dematerialisation would require entirely new legislation".

The close association with London will be maintained – "our criteria will be to adhere as closely as possible to London standards as that is what the market wants." If and when detailed investigations became necessary, these could be contracted out to the London Exchange in order not to duplicate efforts.

Unfortunately, the new stand-alone exchange will be deprived of what was hoped would be its biggest single quoted company, GPA, the aviation leasing group whose international offer was withdrawn at the eleventh hour last month due to a lack of institutional interest.

With a forecast capitalisation of around I£2bn, it would have represented 20 per cent of the market's total capitalisation. The flotation failure has disappointed brokers and investors alike, who are concerned at the lack of dynamism in the Dublin market. At the end of June, the ISEQ index fell back to where the market was a year ago, prompting analysts to downgrade their earlier expectations of 15-20 per cent overall growth in the market in 1992.

Brokers say that, since the abolition of exchange controls in 1989, most Irish institutional investors have been diversifying into overseas equities with the result that Irish equities now only form some 30 per cent of their portfolios.

Last year Irish companies raised I£816m on the Dublin exchange, up 11 per cent on 1990. The flotations of Greencore and Irish Life accounted for I£312m of that sum, and nothing of that scale is likely to be repeated this year or next. The market is depressed and the GPA flop has added to the sense of languor, but dealers console themselves that things could be much worse. As one broker says: "If Ireland had voted against Maastricht, there would have been a disaster."

Tim Coone

CAPTIVE INSURANCE

An unexpected success story

ALMOST by accident, the International Financial Services Centre in Dublin has discovered captive insurance. Or more accurately, the captive insurance industry has discovered the IFSC.

When the Irish Industrial Development Authority (IDA) set out on its marketing drive to attract international companies to locate in Ireland, the captive insurance business was not on its target list. The IDA was after banks, fund managers and insurance companies. That was in 1987.

Then, in early 1988, things changed.

"We had a brainstorming session with six chief executives of Irish insurance companies," explains Mr David Hanna, the IDA's director of international financial services.

"The captive insurance industry was very well developed in the US and the consensus was that it was beginning to take off in Europe. There was an opportunity for a good location for setting up captive insurance arms, and the IFSC seemed to be it. By May 1988, captive insurance was on our target list."

The result is that there are now more captive insurance and reinsurance companies in the IFSC than there are banks or fund managers – 65 by early June this year – and that figure is expected to grow as the IDA continues its marketing effort and as more European companies set up captive insurance divisions.

A captive is a wholly-owned insurance company subsidiary established by an industrial, commercial or governmental organisation to underwrite all or part of the risk of the organisation and its affiliates. The aim is to try to keep as much as possible of the huge premiums, paid out every year by corporations in insurance cover, within the group.

"The captive chooses lines of insurance that have a good loss history," explains Mr Eamonn O'Brien, manager of Alexander Insurance Managers, one of several companies providing captive insurance management services in the IFSC. The captive lays off most of the risk to reinsurers but retains a greater share of the premium income than it does of the risk.

The idea first took hold in the US, according to Mr Garry Cullen, a director of Sedgwick Dineen, the Irish arm of the Sedgwick Group in London. "I would say about 30 per cent of the companies in the Fortune 500 have captive insurance arms," he says. US corporations use Bermuda and Barbados as their main captive locations.

So what is it about the IFSC that makes it such an attractive location for the captive insurance industry? When companies are considering a domicile for a captive, they look for technical expertise, good communications, formalised insurance legislation, tax efficiency, political stability and a good operating environment. Dublin is seen as having a good mix of these qualities.

Where Dublin is seen to have the edge on its main European rivals – Luxembourg, the Isle of Man and Guernsey are the other main European centres – is in the ability of captives located in the IFSC to write direct insurance into the EC. This, coupled with the 10 per cent tax rate applicable to profits up to 2005 (extended from 2000), makes Dublin unique among captive locations in Europe.

Mr Cullen says the fact that the EC has accepted the low tax rate for a certain period gives the ISFC added legitimacy as a location, rather than being perceived purely as a tax haven, such as the Isle of Man or Guernsey.

Being located in the IFSC also allows captives to take advantage of 22 double taxation agreements which the Republic of Ireland has signed with trading partners. This ensures that the benefits of the low tax rate applying to the IFSC can be passed back to the parent company without further deduction of tax on remitted dividends.

Many of the big European and US insurance companies, including Aachener & Munchener, American International, Marsh & McLennan and Cologne Re, have established themselves at the IFSC. Companies which have set up captive insurance arms there include BMW, Volkswagen, Siemens, and Asea Brown Boveri.

Vincent Boland

TREASURY MANAGEMENT

Mood of realism

FROM his spacious office on the top floor of one of Dublin's finest new buildings, Dr Michael Somers can look out over the city and wonder where on earth all the money has gone. As the head of the agency charged with managing Ireland's massive national debt, he is entitled more than most to ponder this as he juggles with billions of pounds of debt incurred in the high-spending 1980s, and seeks to cut the cloth to the style of the more responsible 1990s.

Ireland has one of the highest per capita debt ratios in the EC, both in absolute and in relative terms. At the end of 1991 it stood at I£25.4bn, or about I£6,500 for every person in the country.

The total debt swelled alarmingly in the early and mid-1980s as successive governments borrowed heavily to finance spending at home through deficit budgeting. Between 1982 and 1987 the debt more than doubled, from I£11.7bn to I£23.7 bn

It wasn't until 1987 that politicians finally began to listen to what senior department of finance officials and independent economists had been saying for years: that such a level of borrowing was fast becoming unsustainable and a threat to the country's financial independence. Even the public began to appreciate that the enormity of the figures demanded immediate action.

Dr Somers, chief executive of the National Treasury Management Agency (NTMA), says that by 1987 the size of the debt had become a very real problem.

He credits Mr Charles Haughey's government, which came to power after winning a general election that year, with bringing a new commitment to tackle the debt problem.

One of the key elements in the government's new approach was the creation of the NTMA, a semi-state agency which was handed management of the debt portfolio from the department of finance.

Dr Somers himself had been head of the debt management unit within the department for several years. In 1983 he had been appointed secretary of the department of defence, but was brought back into finance in 1987, when Fianna Fail returned to power, to take charge of the debt portfolio.

"We were losing staff hand over fist," Dr Somers remembers. They were poached by stockbroking firms and banks in the private sector keen to avail themselves of the expertise they had developed in capital markets, and able to offer them much higher salaries than the public purse. An embargo on recruitment into the civil service also hindered their replacement.

The government asked Citibank to review its debt management operations and suggest ways in which it could be made more efficient.

AFTER toying with the idea of hiring specialist staff on contract or handing debt management operations over to a bank in the private sector, the government opted to establish the NTMA, and introduced legislation which saw the agency set up at the end of 1990. Its aims, he says, were to improve the maturity profile of the debt portfolio and to save money.

Of the total debt of I£25.4bn at the end of 1991, some I£9bn is in foreign currencies. Of the Irish pound portion, about IR£4.1bn is held by non-resident investors.

For 1992, the cost of interest payments and the repayment of certain sinking funds is put at I£2.4bn, and this does not include capital repayments.

The maturity profile of the medium to long-term foreign currency debt shows loans of up to IR£1.1bn repayable in 1995 and 1996, and from 1998 through to 2000.

It is the NTMA's task, Dr Somers says, to refinance that maturity profile, pushing repayment dates out further by switching where appropriate into longer dated borrowings at cheaper rates. The foreign currency debt service ratio is expected to amount to 6.6 per cent in 1992. This compares with an average of 7.9 per cent for the period 1986/91.

A key objective is to ensure that obligatory debt repayments in any one year are kept to a level that can be readily refinanced to avoid the risk that new money might not be forthcoming, or available only at exorbitant cost.

With this in view, there is an ongoing programme to repay a proportion of loans several years before their final maturity and refinance them with loans of longer maturity.

Of the foreign currency debt, some 32 per cent is denominated in Deutschmarks, 30 per cent in Swiss francs, 15 per cent in dollars, and the rest spread between ECU, yen, sterling and florins.

About 63 per cent is fixed, with 37 per cent in floating rates. At the end of 1991 I£6.3bn – 70 per cent – of the foreign debt had been redeemed early and replaced.

The NTMA uses the Dublin bond market to service and redeem the government's domestic debt. It plays a crucial role in issuing and trading gilts on the market, where turnover in 1991 is estimated at I£100bn.

This year the NTNMA has to repay and refinance some I£1.6bn in maturing gilts. It has designated four stocks as benchmark issues, with maturity dates in 1996, 2001, 2006 and 2012, with the objective of building up the amounts outstanding to around I£1bn in each case. It also holds gilt auctions from time to time to supplement sales via the tap system.

The government has set an exchequer borrowing requirement of I£592m, or 2.1 per cent of GDP, for 1992. Last year the EBR reached 1.9 per cent of GDP compared to the budget target of 1.7 per cent.

Vincent Boland

LEASING

Changing markets

IF GPA, the world's largest aircraft leasing company, had not crash-landed on its flotation take-off last month, two of Ireland's largest PLCs would now be leasing companies, each catering to very different markets.

GPA whose business is almost entirely overseas, is in the big-ticket business of jet aircraft leasing, and was started in 1975 by a former Aer Lingus employee, Mr Tony Ryan, who is now one of the wealthiest men in Ireland

The other Irish company whose name has become synonymous with leasing, is Woodchester Investments, seventh in size on the Irish Stock Exchange, and in control of around 30 per cent of the Irish car and two-thirds of the office equipment leasing market.

It also has a small, but growing, share of the UK market and is launching into continental Europe. Its chairman, Mr Craig McKinney is a Scotsman who moved to Ireland in 1970 as a 20-year-old straight out of college, setting up Woodchester seven years later.

Both companies have experienced exponential growth in the past five years. The reasons for their success have been a combination of identifying market niches at the right moment, access to the finance to fund their growth, and initially at least, the benefit of Irish tax laws which favoured their development.

The market for both is changing. GPA now faces its biggest challenge since its formation – finding $12bn in finance for new aircraft purchases up to the end of the decade, after institutional investors turned away from the company at the minimum $10 per share asking price for the flotation.

Perceptions of the airline industry in general are not good, but GPA has, nonetheless, managed to put in a good performance over the past two years despite the worldwide recession. Its 10 per cent corporate tax rate remains in place until the year 2005, and company strategists are convinced that sustained growth in airline seats demand will recover soon, underpinning their expansion strategy.

Woodchester has a corporate partner in the shape of Credit Lyonnais (CL), one of the world's leading banks, which holds 45 per cent of the company and has the resources to bankroll plans to place Woodchester alongside the Allied Irish Bank and Bank of Ireland as one of Ireland's leading financial institutions.

WOODCHESTER came to the market 10 years ago valued at I£2m. A tax regime then allowed generous 100 per cent capital write-off allowances in the first year, which created opportunities for leasing companies to offer highly competitive rates and to defer tax charges indefinitely into the future.

The company grew rapidly through acquisition and now has assets worth in excess of I£1.2bn. This tax regime began to change in the late 1980s, however, and, according to Mr Dan O'Connor, the group's finance director, "capital allowance rates are now more penal than most places in Europe, so the changes have eliminated those competitors who were dependent solely on tax-driven business."

Woodchester had, meanwhile, built up a sales-aid leasing business, arranging lease finance directly through dealer outlets in both the UK and Ireland.

This, Mr O'Connor says, is now far more important than the tax-driven capital allowance reasons for leasing.

Unlike GPA which is investing in large assets with lifetimes well beyond the end of lease terms, Woodchester is able to conduct a highly conservative accounting policy, which leaves no residual value, and hence risk, in its leased equipment, which is typically leased over three years.

Woodchester has, thus, had few problems in tapping either debt or equity markets in its expansion, and, according to NCB stockbrokers in Dublin, its current debt-equity ration of 3 to 1, "gives it a very strong capital base with plenty of room for gearing up for further expansion."

Mr O'Connor says the strategic alliance with CL has been vital to Woodchester's growth, and that the two companies plan to combine their expertise – Woodchester applying its success in the Irish leasing business to develop into Europe through CL, and CL applying its banking expertise and financial muscle to help Woodchester expand into the retail banking market in Ireland, where its large market share in leasing limits further profits growth in that sector.

Mr O'Connor says: "The banks here are moving into the finance house business, while we are moving in the opposite direction into retail banking."

GPA and Woodchester have thus evolved along very different pathways from different ends of the leasing spectrum, but both have emerged as two of the largest companies in the Irish corporate scene.

Tim Coone

Prospects for bids and takeovers

All quiet — for now

DUBLIN'S BUSINESS community is a cosy, informal fraternity, where an outsider can quickly be on first-name terms with the locals, and where his own business can equally as quickly become the knowledge of all.

Corporate deals will often be decided over a pint and a handshake, with boardroom formalities conducted merely for the purposes of satisfying corporate legal departments.

When a hostile takeover bid breaks the smooth surface of this tranquil dealing pond, however, it immediately provokes a stir of reaction and speculation. A small Irish engineering company, Barlo, last month staged a successful all-paper takeover bid for IRG, another Irish engineering concern.

In itself, the takeover was of minor importance, creating a combined group with an annual turnover of I£70m and a market capitalisation of some I£50m. But it has prompted speculation as to whether this is the long-awaited start of a consolidation of the Irish corporate sector.

Mr Tom Healey, general manager of the Irish stock exchange, says: "Over two-thirds of the dealings are in just the top 10 stocks." This has resulted in the smaller companies finding it difficult to raise new funds on the stock market in order to grow – "the magic figure for market capitalisation is around I£100m. It is at this point the institutions take an interest."

Mr Brian O'Loughlin, the investment strategy director of Irish Life, one of Ireland's big four institutional investors, believes the economy and the market would be better off with more medium-sized companies benefiting from strong management and good growth prospects.

At the end of last year, only 13 of the 77 currently quoted stocks on the Dublin Stock exchange fell into the I£50-60m capitalisation category. Without institutional interest in their shares, smaller companies face serious restraints on their growth; brokers have been trying to impress upon their managements the need for merger or acquisition.

There are doubts whether the Barlo/IRG takeover will lead to a trend. According to Mr O'Loughlin: "Economic convergence in Europe puts pressure on people to be more efficient and to think about alliances, but I don't think there will be a major spate of activity." He believes the larger Irish companies prefer to look abroad, to reduce their exposure to the Irish market, while UK and European companies will have little interest in picking off the minnows. The expanding larger companies are more likely to be the subject of foreign takeover bids. The profitable and rapidly growing food companies, which have generated strong cashflows and good marketing outlets, have been identified as possible targets. So have the big financial groups, Allied Irish Bank, Bank of Ireland and Irish Life, as well as some of the building societies. Any European bank or insurance company looking for market share in Ireland might consider them tempting.

Of the Irish financials, Bank of Ireland appears the most vulnerable. But Mr Des Doran, the investment manager in Ireland for Standard Life, believes that the government would attempt to block a foreign takeover of one of the large financial institutions.

According to Dublin's Business and Finance magazine, French companies have spent more than I£600m buying into Irish businesses over the past five years. This began with Pernod's I£285m takeover of Irish Distillers in 1988.

Market sentiment at present is that no large takeovers or mergers are in the immediate offing, but that a rationale for consolidation exists which will push players in that direction, with Irish companies becoming both predators and prey.

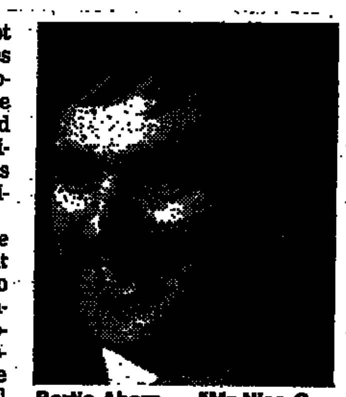
Tim Coone

Bertie Ahern, finance minister

A skilful pragmatist

IN a country in which not every politician possesses both personality and probity, Mr Bertie Ahern, the finance minister, has achieved the happy state of harmoniously possessing both. He is the 'Mr Nice Guy' of Irish politics.

At 40 years of age, he is one of the youngest of the present cabinet, and has managed to work his way to the top without indulging in the backstabbing or steamrollering of opponents that characterises the building of many political careers.



Bertie Ahern — "Mr Nice Guy of Irish politics"

It has been this ability to combine frankness with charm, to lead a complex discussion accompanied by a joke and an impish lop-sided grin, that disarms his opponents and allows him to then begin convincing them of his own arguments. A left-of-centre liberal, and a one-time trade union activist, he describes himself as a pragmatist free of strong ideological constraints.

Born into a family of staunch Fianna Fail supporters, he joined the party in 1967. An accountant by training, he has studied at University College in Dublin and the London School of Economics, but politics has dominated his working life. At 25 he was elected to the Dail at his first attempt, representing a central Dublin constituency, and he has consistently had one of the highest first preference votes in the country of any parliamentary member.

He was elected Lord Mayor of Dublin in 1986 and in 1987 was appointed labour minister in Charles Haughey's government.

His ability to deal with the unions and their often cantankerous leaders has been the key to achieving five years of relative peace on the industrial relations front.

The tripartite pact of government, business and trade unions known as the Programme of Economic and Social Progress, which currently underpins the government's fiscal and monetary policy, owes much to the diligent negotiating skills of Mr Ahern.

The only time he came close to making enemies within the party was during the efforts to oust Mr Haughey from the leadership last November. Mr Albert Reynolds, the then finance minister, led the rebellion, only to find himself sacked and Mr Ahern stepping into his shoes at the Finance Ministry. For a while Mr Ahern was dubbed "the rat in the anorak." He later made amends by supporting Mr Reynolds' candidacy for the leadership in February.

As Ireland's 21st finance minister, he has now positioned himself for the final step to the leadership of the party, and if the party's fortunes hold, the position of prime minister.

"When I came to finance from the labour portfolio, where I was known as the 'good guy', people wondered whether I had what it needed to make the tough decisions at finance. Well, within six months I have upset just about everybody," he says.

Those decisions have included closing a wide range of tax shelters and loopholes, cracking down on tax evasion, holding steady on public sector pay targets, and keeping the public sector finances firmly in line with Ireland's commitment to European union and Emu, despite their short-term recessionary effects and rising unemployment.

T.C.

LONDON STOCK EXCHANGE

Share rally extended in good volume

By Terry Byland, UK Stock Market Editor

THE FOOTSIE Index came within one point of the 2,500 mark yesterday as a brighter tone in the US dollar and on Wall Street brought buyers back into the London market, lifting the Index by more than 25 points.

The institutions were buyers of the leading blue chips, taking their cue from strategists at several UK securities houses who described the UK market as oversold, if only in the near term. London joined in the general advance by other leading European bourses. However, any more lasting rally is likely to hinge on the meeting of the Bundesbank policy council next Thursday, according to the strategy team at Robert Flemings Securities.

The upturn in London was encouraged by the favourable response to the latest US jobless figures from both the dollar and the New York stock market, where the Dow Average gained 21 points in UK trading hours.

The London arm of a US investment bank bought shares in Glaxo strongly and there were indications of a large programme trade which was weighted towards the buy side.

Trading volume increased sharply yesterday, at least in terms of the Seaq daily total which rose to 482.9m shares from Wednesday's 396.1m; retail business was worth only £816.9m in the previous session; still an unexciting performance.

Account Dealing Dates		
*First Dealings:		
Jun 29	Jul 13	Jul 27
Option Declarations:		
Jul 9	Jul 23	Aug 6
Last Dealings:		
Jul 10	Jul 24	Aug 7
Account Day:		
Jul 20	Aug 3	Aug 17

*New time dealings may take place from 8.30 am two business days earlier.

At the close, the FT-SE Index showed a gain of 25.3 points at 2,497.9, having touched 2,499.2 earlier. The erratic performance of the stock market this week has suggested that the institutions continue to regard the UK market as a "buy" between FT-SE 2,450 and 2,500.

Equities were led forward by sharp rises in US-orientated stocks, with BAT Industries, SmithKline Beecham and Rothmans International standing out. Domestic consumer stocks remained out of favour, with fresh food distributers unsettled after a profit warning from Albert Fisher, supplier of products to the big supermarkets.

Among UK securities houses taking a relatively more optimistic view for the short term were UBS Phillips & Drew, where Mr Mark Brown, while admitting that the market has taken a worse turn than expected, urged that it was "time to buy". He stressed that the current yield on UK equities of around 5 per cent, putting shares on a yield ratio of 180 against government bonds, has proved a "useful support during this recession".

Today brings the close of the two-week trading account in London equities, and share prices benefited again yesterday from bear-closing operations – buying operations by traders who had sold stock early in the account period, when share prices were higher, and needed shares for delivery when the account closes. Traders were favourably impressed by the market's performance yesterday, perhaps more by the improvement in trading volume than by the gain in the FT-SE Index. The market has traded an extremely erratic pattern this week, with share prices moving sharply in minimal turnover as traders have reacted to bad news on new issues and company profits.

Heavy demand for Glaxo

DRUGS GROUP Glaxo saw unusually heavy turnover as buyers moved back into the stock. US investment bank Goldman Sachs raised its short-term recommendation to "market outperformance" and the shares jumped 25 to 707p with more than 14m traded. The turnover was boosted by three large blocks of shares, totalling 5.8m, traded between 700p and 703p; Goldman was believed to the source of much of the business.

The US house argues that the shares have slumped far enough and that worries about the timing of the general economic recovery are likely to encourage investors to return to relatively recession proof stocks. The enthusiasm also follows a recommendation on Monday from another US house, Wertheim Schroder.

Meanwhile, UBS Phillips & Drew has raised questions about the launch of injectable Imigran, the anti-migraine treatment, in the US. UBS says new data has been handed to the US Food and Drug Administration (FDA) and the drug has had to lose its fast-track approval status. The house says the approval could be delayed until the first quarter of 1993. However, Glaxo is believed to be disparaging about the research; insiders apparently refuse to accept that such information could leak from the FDA.

Fisher slide

A profits warning from Albert Fisher sent the shares tumbling and analysts rushing to cut forecasts for the fresh food group. Turnover was a hectic 29m shares – easily the heaviest traded stock of the day. Fisher blamed a glut in the produce market, caused by early harvests and low sales, for a drop in produce prices.

Although analysts downgrades were not severe, the heavy fall in the shares – down 25 at 41p – was blamed on general anxiety among investors; this has followed trading problems previously signalled by the company, including stiff competition in the US and in the mushroom canning business in Holland. Yesterday's warning also raised worries that the dividend could be under threat. Among the welter of downgrades, Smith New Court and Nomura, both on £77m for this year, reduced forecasts to £60m and £63m respectively.

Worries over Fisher hit other fresh food producers. Hazlewood Food lost 3 at 139p, Hillsdown 2 at 145p and Perkins Foods 2 at 95p.

Rank active

Interim results at the top end of market forecasts sent Rank Organisation shooting forward in early trading, at one stage to a gain of 18 at 649p. However, in discussions with the leisure group afterwards, analysts returned with their enthusiasm dented and ready to revise forecasts downwards.

Most attention was focused on comments by Rank executives that there would be little new earnings growth this year, and profits would be eked from existing business through cost cutting. The shares closed a net 7 off at 624p in busy trading of 1.7m.

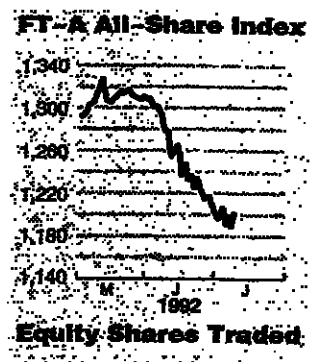
There was some switching from Rank into Thorn EMI, the latter also benefiting from County NatWest support. The shares put on 15 to 788p. A Nomura buy note helped Forte, up 4 at 173p.

British Aerospace was volatile, jumping 18 to 260p, early in the session on news that Airbus Industrie, in which BAe has a 20 per cent stake, had won a $5bn (£2.61bn) order from United Airlines. However the shares retreated sharply, reaching 232p at the day's worst, after hints that a leading broker had raised doubts about the financial health of GPA, an important Airbus customer. Bargain hunting later in the session helped the shares rally off the bottom and they eventually closed 3 up at 245p on turnover of 2.7m.

Kleinwort Benson cut estimates for the top stocks, including BP, Shell, Enterprise and Lasmo. Mr Paul Spedding, Kleinwort's oil specialist blamed the downgrades on "purely and simply the dollar", but felt the sector would outperform in the medium term. He has lowered current year historic cost net income figure for BP from £600m to £450m and that for Shell from £3.12bn to £2.9bn. For Lasmo, Kleinwort expects net income to drop from £15m to £5m while, for Enterprise, the broker is now looking for £70m against a previous figure of £85m.

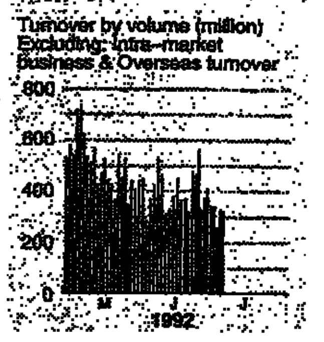
Smith New Court was also said to have downgraded BP estimates, as was Nomura. Hoare Govett described the recent performance of the dollar and crude oil prices as "a pretty hostile combination", while Mr Keith Morris, at Carr Kitcat & Aitken, warned that the exploration and production "may not have yet found a floor – watch out for net asset value downgrades". Mr John Toalster, oil specialist at Strauss Turnbull and a long-time bear of the oil sector, said confidence level in the sector was evaporating and that "the next stop for BP is 180p".

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million) Excluding: Intra-market business & Overseas turnover



BP shares, under pressure following the ousting of Mr Robert Horton, previous chairman and chief executive, eased 1¼ to 209¼p in London on turnover of 16m, but were said to have come under sustained downward pressure on Wall Street after London closed.

Shell fell 3 to 492p on 3.4m and Enterprise 9 to 385p. Lasmo managed a 3 gain at 165p.

Buying ahead of the share split on Monday helped SmithKline Beecham jump sharply. The registered shares, which are to be halved in price and doubled in number rose 30 to 912p.

Cellular phone group Vodafone continued to suffer from the shift of sentiment towards Cellnet. This began with news of the latter's increase in market share and profitability and became more marked when Securicor revealed a big jump in profits earlier this week.

Vodafone dropped 10 more to 310p yesterday on good turnover of 3.3m. Merrill Lynch said yesterday that Cellnet "has taken the initative from Vodafone on the product, marketing and sales front and that Vodafone "appears to have lost its way."

Vague bid talk helped GKN add 9 to 389p. Lucas Industries moved 9 ahead 124p, boosted by the talk in GKN and the increasing belief that the company is likely to maintain its dividend. Smiths Industries retreated 9 to 284p.

Figures showing a 5 per cent first-half sales growth for LVMH helped lift parent company Guinness, the shares climbing 29 to 557p. The group also benefited from a large research note from Lehman Brothers.

MARKET REPORTERS: Peter John, Christopher Price, Joel Kibazo, Steve Thompson.

■ Other market statistics, including the FT-Actuaries Share Indices and London Traded Options, Page 21.

FINANCIAL TIMES STOCK INDICES

	July 9	July 8	July 7	July 6	July 3	Year Ago	1992 High	1992 Low	Since Compilation High	Since Compilation Low
Government Secs	89.72	89.62	89.64	89.72*	89.75	84.92	89.75 (3/7)	85.11 (1/4)	127.40 (9/1/35)	49.18 (3/1/75)
Fixed Interest	106.15	106.10	106.32	106.35	106.26	93.83	106.35 (6/7)	97.15 (2/1)	106.35 (6/7/92)	50.53 (3/1/75)
Ordinary Share●	1913.9	1891.1	1906.2	1891.0	1915.5	1928.4	2149.7 (22/5)	1851.4 (3/4)	2149.7 (22/5/92)	49.4 (26/6/40)
Gold Mines	83.8	83.6	86.6	89.5	90.1	222.8	160.6 (10/1)	83.6 (8/7)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2497.9	2472.6	2493.7	2469.0	2497.1	2510.5	2737.6 (11/5)	2382.7 (3/4)	2737.6 (11/5/92)	986.9 (23/7/84)
FT-SE Eurotrack 200	1158.82	1148.89	1157.61	1156.32	1166.36	1155.96	1248.79 (11/5)	1120.52 (8/1)	1248.79 (11/5/92)	938.62 (15/1/91)
●Ord. Div. Yield	4.78	4.85	4.81	4.87	4.80	4.89				
●Earning Yld % (full)	7.00	7.10	7.05	7.13	7.03	8.59				
●P/E Ratio (Net) (*)	17.93	17.67	17.79	17.61	17.88	14.32				
SEAQ Bargains 5.00pm	20,962	21,772	21,241	19,491	28,600	30,475				
Equity Turnover (£m)†	-	816.9	844.0	581.4	803.8	1032.29				
Equity Bargains†	-	24,911	23,270	22,265	22,547	29,046				
Shares Traded (mil)†	-	324.7	331.9	262.6	343.3	434.3				

Ordinary Share Index, Hourly changes — Day's High 1915.9 — Day's Low 1889.3

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1897.9	1892.1	1895.8	1910.0	1906.0	1905.6	1908.2	1911.1	1915.9

FT-SE 100, Hourly changes — Day's High 2499.2 — Day's Low 2465.7

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2479.2	2467.2	2471.4	2488.5	2485.3	2487.4	2489.5	2493.0	2499.1

FT-SE Eurotrack 200, Hourly changes — Day's High 1159.17 — Day's Low 1144.24

Open	10.30 am	11 am	12 pm	1 pm	2 pm	3 pm
1148.10	1149.61	1152.42	1151.51	1156.47	1155.26	1156.91

[illegible]

GILT EDGED ACTIVITY

Indices*	July 8	July 7
Gilt Edged Bargains	93.3	87.2
5-Day average	94.0	94.7

*SE Activity 1974. †Excluding intra-market business and Overseas turnover.

London report and latest Share index: Tel. 0891 123001. Calls charged at 36p/minute cheap rate, 48p/minute at all other times.

TRADING VOLUME IN MAJOR STOCKS

[illegible]

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

EQUITY FUTURES AND OPTIONS TRADING

THE September Contract on the FT-SE recovered from early weakness that followed a selling order by a large institution and moved ahead to end strongly, writes Joel Kibazo.

The first deal in the FT-SE contract for September delivery was struck at 2,492, leading some dealers to forecast a strong move forward. But that positive mood evaporated when Salomon Brothers sold around 500 contracts, with part of the order said to have been executed through James Capel.

With independent traders joining in the selling, the contract fell to 2,485. The completion of the Salomon's order coupled with independent traders caught short led to a turnaround, helped by a rally in the gilts market.

In the afternoon, the firmness on Wall Street led to further buying, pushing September higher to reach the session's high point of 2,523 just ahead of the official market close. September closed at 2,521, up 17 on the previous session but around 2 points below its estimated fair value premium to cash of about 25.

Traded options saw an improvement in volume, the day's total reaching 31,998 lots. The FT-SE contract accounted for 9,429 of the overall total. Hillsdown was the busiest stock option, trading 2,800 lots, and was followed by Forte.

FT-ACTUARIES SHARE INDICES

	EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section	Thursday July 9 1992 — Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1992 to date	Wed Jul 8 Index No.	Tue Jul 7 Index No.	Mon Jul 6 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (177)	797.96	+0.4	7.38	5.62	17.37	16.81	795.14	805.60	803.59	804.14
2	Building Materials (22)	886.35	+0.3	6.11	6.32	22.25	25.24	883.66	890.51	879.90	1021.95
3	Contracting, Construction (28)	773.46	+0.1	4.50	7.73	48.79	24.60	772.72	782.27	785.73	1133.41
4	Electricals (9)	2437.68	-0.2	7.10	6.19	18.25	68.82	2442.03	2449.53	2446.07	2299.53
5	Electronics (28)	1981.36	+0.2	8.03	4.40	15.77	9.16	1976.99	2000.42	2012.28	1714.26
6	Engineering-Aerospace (6)	326.93	-0.7	11.15	7.97	11.35	11.27	329.21	325.90	326.81	407.36
7	Engineering-General (43)	480.78	+0.9	8.50	5.01	14.58	9.46	476.28	481.69	490.31	433.45
8	Metals and Metal Forming (8)	312.20	-0.1	5.48	7.07	26.67	3.60	312.49	313.97	311.98	438.77
9	Motors (14)	346.53	+2.9	7.66	6.78	17.17	10.04	336.75	335.35	331.78	302.73
10	Other Industrial Materials (19)	1686.32	......	7.36	4.90	16.36	34.69	1685.76	1731.13	1713.64	1532.70
21	CONSUMER GROUP (188)	1594.83	+1.3	7.62	3.59	16.11	23.94	1574.17	1585.61	1574.18	1471.01
22	Brewers and Distillers (24)	2067.14	+2.4	8.01	3.54	15.06	29.35	2017.72	2039.12	2029.58	1779.74
25	Food Manufacturing (19)	1239.96	+0.1	8.70	4.26	14.22	23.82	1238.95	1244.05	1238.78	1177.94
26	Food Retailing (18)	2783.48	+0.5	8.77	3.28	14.87	44.70	2769.09	2799.66	2830.36	2669.94
27	Health and Household (24)	3861.52	+2.4	7.14	2.74	15.96	37.81	3770.71	3760.87	3682.98	3591.23
29	Hotels and Leisure (18)	1199.36	+0.7	6.68	5.70	19.45	23.55	1191.26	1202.89	1196.30	1226.40
30	Media (26)	1520.90	+0.5	6.36	3.44	19.47	25.88	1513.34	1523.05	1507.56	1385.58
31	Packaging, Paper & Printing (17)	768.98	+1.3	6.69	4.30	18.13	14.67	759.38	767.01	760.51	704.02
34	Stores (33)	997.15	+0.4	7.57	3.71	17.45	16.22	993.57	1012.53	1007.83	914.63
35	Textiles (9)	648.85	......	7.11	4.78	17.79	14.72	648.94	649.70	657.99	536.62
40	OTHER GROUPS (118)	1251.58	+0.8	9.96	5.26	12.56	22.32	1242.13	1249.11	1234.82	1226.64
41	Business Services (17)	1364.33	+1.2	6.39	3.66	19.05	20.78	1348.34	1374.58	1365.54	1271.62
42	Chemicals (22)	1386.25	+0.9	7.61	5.24	16.10	32.18	1373.23	1379.38	1369.39	1398.89
43	Conglomerates (11)	1237.04	-0.2	10.07	7.61	12.45	23.62	1239.21	1251.01	1237.58	1423.80
44	Transport (14)	2449.72	+0.1	8.30	4.82	14.85	51.61	2447.73	2449.36	2430.26	2152.84
45	Electricity (16)	1360.65	-0.5	14.30	5.36	8.86	17.21	1367.33	1371.71	1336.19	1204.70
46	Telephone Networks (4)	1404.92	+1.1	11.08	4.70	11.77	21.77	1390.08	1394.78	1377.19	1463.62
47	Water (11)	2837.74	+1.3	15.58	6.10	7.11	86.85	2800.34	2837.02	2815.40	2280.67
48	Miscellaneous (23)	2015.28	+2.0	5.67	4.89	23.59	24.35	1975.71	1982.72	1969.47	1977.44
49	INDUSTRIAL GROUP (483)	1287.26	+1.0	8.32	4.49	14.95	21.88	1275.01	1284.97	1275.07	1230.51
51	Oil & Gas (17)	1951.17	-0.2	7.76	7.29	16.94	63.73	1955.52	1980.48	1955.90	2417.25
59	500 SHARE INDEX (500)	1351.38	+0.8	8.27	4.77	15.13	25.11	1340.10	1351.25	1340.19	1330.89
61	FINANCIAL GROUP (85)	711.56	+0.1	-	6.38	-	20.03	710.54	719.57	714.52	781.73
62	Banks (9)	935.81	+0.9	5.15	5.83	30.73	24.58	927.27	933.85	927.06	882.34
65	Insurance (Life) (6)	1467.62	+1.2	-	6.07	-	44.26	1450.28	1470.58	1463.62	1471.52
66	Insurance (Composite) (7)	482.85	-0.8	-	7.21	-	13.46	486.53	499.27	490.63	663.58
67	Insurance (Brokers) (10)	792.10	-0.4	9.79	8.20	13.44	29.69	795.26	813.29	810.10	1160.51
68	Merchant Banks (7)	441.84	-0.3	-	4.89	-	11.25	443.34	454.73	457.51	417.29
69	Property (31)	598.26	-2.8	9.72	7.66	13.90	19.27	615.34	622.56	619.83	886.37
70	Other Financial (15)	240.51	......	7.54	7.28	17.95	6.63	240.40	241.95	241.72	258.51
71	Investment Trusts (70)	1137.19	+0.4	-	3.93	-	18.86	1132.95	1142.62	1140.75	1196.10
99	ALL-SHARE INDEX (655)	1198.25	+0.7	-	4.94	-	23.55	1189.35	1199.87	1190.41	1198.28

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Jul 8	Jul 7	Jul 6	Jul 3	Jul 2	Year ago
FT-SE 100 SHARE INDEX♦	2497.9	+25.3	2499.2	2465.7	2472.6	2493.7	2469.0	2497.1	2476.1	2510.5

FIXED INTEREST

	PRICE INDICES	Thu Jul 9	Day's change %	Wed Jul 8	Accrued interest	xd adj. 1992 to date
	British Government					
1	Up to 5 years (24)	122.79	+0.04	122.74	2.13	6.48
2	5-15 years (24)	140.00	+0.19	139.73	2.66	6.89
3	Over 15 years (11)	151.49	+0.35	150.97	1.16	6.80
4	Irredeemables (6)	169.81	+0.30	169.29	1.57	7.34
5	All stocks (65)	137.14	+0.14	136.91	2.28	6.88
	Index-Linked					
6	Up to 5 years (2)	173.92	+0.02	173.89	1.03	1.83
7	Over 5 years (10)	153.86	-0.01	153.87	0.90	2.40
8	All stocks (12)	155.46	—	155.44	0.91	2.31
9	Debs & Loans (62)	122.31	+0.29	121.96	2.37	6.16

AVERAGE GROSS REDEMPTION YIELDS (Thu Jul 9 / Wed Jul 8 / Year ago (approx.))

[illegible]

Opening index 2479.2; 9 am 2467.2; 10 am 2471.4; 11 am 2488.5; Noon 2485.3; 1 pm 2487.4; 2 pm 2489.5; 3 pm 2491.5; 3.30 pm 2491.5; 4 pm 2493.0; 4.10 pm 2498.0; (a) 4.01 pm (b) 9.22 am † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products relating to these indices. These are available by subscription from FINSTAT, 2nd Floor, 126 Jermyn Street, London SW1Y 4UJ. Tel: 071-925 2323.

NEW HIGHS AND LOWS FOR 1992

[illegible]

LONDON SHARE SERVICE

BRITISH FUNDS

[illegible]

OTHER FIXED INTEREST

[illegible]

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales

[illegible]

AMERICANS

	Notes	Price £	+ or -	1992 high	1992 low	Mkt Cap £m	Yld Gr's
Abbott Labs	h	16 7/16	+1/16	18 3/8	14 5/8	13,141	2.0
♥Allegheny & W		272p	—	335p	226p	141.3	5.8
AmdahL		896p	+30	1159p	793p	1,083	0.6
Amer Cyanamid		29 5/8	+1/8	37	28 5/8	2,708	2.9
Amer Express		12 11/16 xd	+3/16	13 7/8	10 13/16	5,907	4.2
Amer T & T		22 7/8 xd	+3/16	24 7/8	20 5/8	30,340	3.0
Ameritech		34 1/2	+1/2	36 13/16	32 1/2	15,105	5.2
BankAmerica		22xd	-13/16	27 1/8	19 1/16	7,840	3.1
Bankers NY		31xd	-3/8	37 1/4	28 7/8	2,869	4.7
Bell Atlantic		23 7/8	+1/8	28 1/4	23 1/8	10,278	5.7
BellSouth		26 7/8	+5/8	29 1/8	25	13,138	5.4
♥Bethlehem Steel		7 11/16 xd	-1/16	9 5/8	7	569.3	—
Bowater		1015pxd	—	1579p	1016p	366.3	6.2
CPC	h	24 1/2 xd	+1/8	25 5/8	22 3/8	3,718	2.6
♥Cadiz Land Inc		185p	—	342p	168p	—	—
California Engy		620p	—	833p	620p	112.9	—
Campbell Soup		18 7/8 xd	-1/8	23 3/16	17 3/8	4,738	2.2
Chase Manhattan		14 7/16 xd	—	16 1/2	9 1/4	2,029	4.4
Chrysler		9 5/8 xd	-1/8	11 1/2	6 1/4	2,884	3.2
Citicorp		10 1/2 xd	-1/16	11 1/8	5 3/8	3,683	—
Colgate-Palm		26 3/8 xd	-1/4	29 3/16	25 1/4	4,237	2.4
Cont'l Bank		1008p	+18	1036p	499p	1,018	3.1
Dana		21xd	-1/4	24 1/2	14 13/16	950.4	4.0
Data General		397p	—	1084p	388p	109.5	—
♥Decora Inds		104p	—	122p	66p	—	—
Dun & Brad		29 3/8	-1/8	33 1/2	27 5/8	5,241	4.1
Eaton		38 3/8	+1/8	46 1/2	32 1/2	1,379	3.0
Echlin		9 1/4 xd	—	11	7 3/8	616.6	4.0
FPL		18 3/4 xd	+1/16	20	18 1/8	3,251	6.9
Fluor		19 1/2	+1/4	27	19 1/4	1,581	1.1
Ford Motor		22 1/4	+1/4	28 3/8	15	10,786	2.4
Gen Elect		40xd	+5/8	46 1/4	39 1/8	34,384	2.7
♥General Host		435p	—	555p	360p	—	4.3
Gillette		25xd	—	29 7/8	23 13/16	5,484	1.5
Hasbro		14 1/2	+1/8	16	12 3/8	1,249	0.7
Honeywell		33 5/8 xd	+1/16	43	33 1/16	2,348	2.6
Houston Inds		23 1/2	+1/8	25	22 3/8	3,043	6.7
IBM		50 7/8 xd	+7/8	54 1/2	46 1/4	29,835	5.0
Ingersoll-Rand	h	13 3/8	+1/4	19 1/16	13 1/8	1,387	2.6
Lockheed		22 7/8	-1/4	26 7/8	22 3/8	1,418	4.9
Loews	h	965p	-35	1273p	815 1/2p	696.4	1.5
Merrill Lynch		25 7/8 xd	-1/2	39 13/16	24 3/8	2,857	2.0
Morgan (JP)		30 7/8	+3/8	37 1/2	28 1/16	5,877	3.7
Morris (Philip)		40 13/16 xd	+13/16	45 3/16	37 13/16	37,656	2.7
NYNEX		42 3/8	+1/8	44 5/8	39 5/8	8,887	5.7
For Pacific Agricultural see Cadiz Land Inc							
Pall		14	+1/8	17 13/16	10 7/16	1,228	1.3
Pennzoil		23 1/2 xd	+1/8	30 1/4	23 1/8	951.2	6.7
Quaker Oats		29 3/8 xd	-1/4	40 3/16	28	2,195	3.1
Rockwell		12	+1/2	15 13/16	11 1/2	2,673	4.1
Rep NY		21 1/2 xd	+1/4	26 1/16	20 7/8	1,118	2.4
Sears, Roebuck		19 7/8 xd	+1/4	28	19 1/16	6,855	5.3
Sthwestern Bell		33 1/2	+1/16	35 7/8	31 3/8	10,055	4.6
Sun Co		13 3/8 xd	+1/16	16 7/8	13 1/16	1,419	7.2
Tenneco		18 7/8 xd	-1/8	25 1/4	16 1/2	2,286	4.6
Texaco		32 7/8 xd	+1/4	36 5/8	30 13/16	8,498	5.1
Time Warner		57 5/8 xd	-1/4	62 1/8	46 1/2	5,340	0.9
♥Unitab		350p	—	587p	350p	325.1	—
Utd Tech		28 1/8 xd	-1/4	31 1/4	26 1/8	3,177	3.6
For Utilitech see Decora Inds							
♣URS Intl. Ic		0 3/4p	—	1 1/4p	0 1/4p	2.38	—
US West		20	+1/8	21 13/16	18 3/4	8,198	5.5
Varity		878p	-9	1058p	632p	217.1	—
Waste Manage		18 1/8 xd	+1/4	26	17 1/16	8,981	1.3
Whirlpool		2002pxd	+62	2799p	1874p	1,411	2.9
♥Woolworth		14	-3/8	18 1/4	14	1,825	4.0

CANADIANS

	Notes	Price £	+ or -	1992 high	1992 low	Mkt Cap £m	Yld Gr's
♥Abbot Energy		1 3/4p	—	2p	1 3/4p	—	—
Amer Barrick		1477p	—	1842p	1268p	2,881	0.3
Bk Montreal		20 1/4	+1/4	23 1/4	19 1/2	2,508	4.7
Bk Nova Scot		998p	+13	1176p	899p	2,033	4.7

BANKS

BREWERS & DISTILLERS

BUILDING MATERIALS

BUILDING MATERIALS - Cont.

BUSINESS SERVICES

CHEMICALS

CONGLOMERATES

CONTRACTING & CONSTRUCTION

CONTRACTING & CONSTRUCTION - Cont.

ELECTRICALS

ELECTRICITY

ELECTRONICS

ENGINEERING - AEROSPACE

ENGINEERING - GENERAL

ENGINEERING - GENERAL - Cont.

FOOD MANUFACTURING

FOOD RETAILING

HEALTH & HOUSEHOLD

HOTELS & LEISURE

HOTELS & LEISURE - Cont.

INSURANCE BROKERS

INSURANCE COMPOSITE

INSURANCE LIFE

INVESTMENT TRUSTS

Authorised by the Inland Revenue

INVESTMENT TRUSTS - Cont.

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

MEDIA - Cont.

MERCHANT BANKS

METALS & METAL FORMING

MISCELLANEOUS

INVESTMENT COMPANIES

MEDIA

MOTORS

OIL & GAS

OIL & GAS - Cont.

OTHER FINANCIAL

OTHER INDUSTRIAL MATERIALS

PACKAGING, PAPER & PRINTING

PACKAGING, PAPER & PRINTING - Cont.

PROPERTY

STORES

STORES - Cont.

TELEPHONE NETWORKS

TEXTILES

TRANSPORT

WATER

SOUTH AFRICANS

PLANTATIONS

MINES

MINES - Cont.

Ivernia West IE	33	-4	63	33	18.5	-
Kells Mints IE	20		42	20	6.48	-
Kenmare	3½		6½	3¼	3.36	-
Melinga Res	33½		48	30½	3.78	-
Navan Res IE	23		28	16	3.08	-
North West Expl AS	3		6	2	1.01	-
Oryx Gold $	69		108	51	-	-
Plateau	4	-1½	13	4	1.82	-
RTZ	580	-3	659	469	5,611	4.5
Vizcaya	1¾		3	1	0.94	-
Western & Pac C$	15½		86	7	8.58	-
Young Grp	20		118	4	3.81	17.3

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ■ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ), and non-UK stocks which are quoted on SEAQ International
- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ◆ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially UK listed: dealings permitted under Rule 535(2)
- # Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ◆ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e also based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings.
v Subject to local tax.
z Dividend yield includes a special payment
E Auction basis
F Yield based on prospectus or other official estimates for 1990-91.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1991.
K Yield based on prospectus or other official estimates for 1992-93
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1991-92.
N Yield based on prospectus or other official estimates for 1992.
P Figures based on prospectus or other official estimates for 1991.
R Forecast annualised yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xi ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1200 a year for each security shown, subject to the Editor's discretion

FT MANAGED FUNDS SERVICE

- Current Unit Trust prices are available on FT Cityline. Calls charged at 36p/minute cheap rate and 48p/minute at all other times. To obtain a free Unit Trust Code Booklet ring (071) 925-2128.

AUTHORISED UNIT TRUSTS

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
AIB Unit Trust Managers Limited (1000)F						
51 Belmont Rd, Uxbridge, Middx UB8 1RZ 0895 259783						
AIB Grofund American	5	107 7	108 8	114.5	+1.00	0.00
AIB Grofund Equity	5	172.6	175 0	185 2	+1 10	2.41
AIB Grofund Euro	5	131.5	133.2	140.2	+0 20	1.29
AIB Grofund Gilt	3	74 26	74 26	76.55	+0 02	5 98
AIB Grofund Japan	5	100 4	101 5	106 9	+1 10	0 00
Abbey Unit Tst Mngrs (1000)H						
80 Holdenhurst Rd, Bournemouth 0345 717373						
High Income						
Gilts & Fixed Int	6	120.2	120.2xd	127.4	-0 1	8 12
High Inc Equity	6	121 0	123 9xd	131.8	-0 6	6 45
Worldwide Bond	6	214 0	214 0	226 8	+1 0	6.27
Capital Growth						
American Growth	6	184 0	184.0	196.7	-2 2	.99
Asian Pacific	6	140 7	140 7	150 4	+1 6	1 06
Assets & Earnings	6	178 1	181 9	193 5	-1 1	3.50
Capital Reserve Acc	0	116.5	116 5	116.5		7 71
Capital Reserve Inc	0	86 17	86 17	86 17		7 71
Comdty & Energy	6	59 93	59 93	64 09	-0 18	1 23
1992 Enterprise	6	67 98	67.98	72 70	-0.32	2.92
Euro Capital Acc	6	89 89	89 89	96 13	-0 08	1 08
Euro Capital Inc	6	85.18	85 18	91.10	-0.06	1.10
General	6	165 0	165 0	176 4	-0 9	3.29
Japan	6	70 19	70.19	75 06	+0.19	—
Mastertrust	6	85 29	85 29	91 21	-0 08	2.74
UK Growth Acc	6	158 7	166 7	177 3	-0 9	3 04
UK Growth Dist	6	100 2	105 2	111 9	-0 6	3 04
US Emerging Cos	6	64 22	64.22	68 68	+0 43	—
Income & Growth	6	286 8	286 8	306 7	-1 2	4 56
Ethical	6	52 10	53 43xd	56 84	-0.23	3 48
International	6	57 56	58 42	62 14	-0 21	1.35
Dividend & Growth	6	45 67	46 69xd	49 67	-0 29	6 04
Global Gwth & Sec	6	54 37	54 68	58 17	-0 04	2 75
Aberforth Unit Trust Managers Ltd (1600)F						

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Mercury Fund Managers Ltd (1000)H						
33 King William St, EC4R 9AS 071-280 2060						
American	5	122.2	122.2xd	129.9	+0 80	0.00
(Accum Units)	5	130.6	130 6xd	138 9	+1.00	0 00
American Opps	5	49 06	49 06	52.34		0.00
(Accum Units)	5	49 73	49.73	53.05		0.00
British Blue Chip	5	61 29	61.33	65 42	-0.13	4.08
(Accum Units)	5	70.10	70.16	74 84	-0.14	4 08
Cash *	0	101 7	101.7	101 7		9.99
(Accum Units) *	0	123.2	123.2	123.2	+0 10	9.99
European Growth	5	157 8	157.8	167.2	-1.10	0 54
(Accum Units)	5	167 5	167 5	177 5	-1 20	0.54
European Income	5	60.85	60 85xd	64 56	-0 22	3 64
(Accum Units)	5	76 00	76.00xd	80.64	-0 27	3 64
General	5	379.5	381.1	406.6	-0 90	2.98
(Accum Units)	5	705.3	708 5	754.8	-1 40	2.98
Global Bond	5	105 5	105 5	110 8	+0 10	6.67
(Accum Units)	5	112 4	112 4	118.1		6 67

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (✠) - 0001 to 1100 hours; (♦) - 1101 to 1400 hours; (▲) - 1401 to 1700 hours; (#) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH. Tel: 071 - 379 - 0444.

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 36p/minute cheap rate and 48p/minute at all other times. To obtain a free Unit Trust Code Booklet ring (071) 925-2128.

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Stewart Ivory Unit Tst Mgrs Ltd (1200)H						
45 Charlotte Sq Edinburgh 031-226 3271						
American ♥	5	248 0	248 0	263.8	+0 3	0 89
(Accum Units) ♥	5	291 9	291 9	310 5	+0 4	0 89
British	5	803 4	820 2	867 8	+0 3	6 23
(Accum Units)	5	1347 3	1375 5	1455 3	+0 5	6 23
European	5	336 6	336 6	358 5	-0 5	1 46
(Accum Units)	5	364 9	364 9	388 6	-0 6	1 46
Japan	5	90 32	90 32	96 01	+0 69	-
(Accum Units)	5	91 04	91 04	96 78	+0 70	-
New Pacific	5	198 5	199 2u	212 1	+1 5	1 65
(Accum Units)	5	206 2	207 0	220 4	+1 6	1 65
Landmark Tst Jun 12	0	134 8	137 4	145 6		2 50
Mngd Equity	5	123 2	124.4u	131 6	+0 5	2 94
Mngd Equity Acc	5	132 8	134 1	141 9	+0 6	2 94
Mngd Cash	0	95 53	95 53u	95 53		9 71
(Accum Units)	0	122 1	122 1	122 1		9 71
Majority Stlg	1	99 62	99 62u	100 62		9 45
Majority Stlg Acc	1	112 37	112 37	113.50		9.45
Storebrand Intl Inv Mngrs Ltd (1200)F						
Admin 5 Rayleigh Rd Hutton Brentwood, Essex						
Enquiries 0277 227300 Dealing 0277 261010						
International Jul 1	0	47 71	47 71	48 22		1.53
Sun Alliance Unit Tst Mngmt Ltd (1200)F						
St Mark's Court Horsham 0403 232323						
Equity	6	599.0	606 5	646.7	+5.2	3 11
North America	6	74 65	74 65	79 84	+1.12	0 63
Far East	6	83 98	83 98	89 82	+1 42	0 47
W wide Bond	6	47.32	47 32	50 24	+0 45	6 12
European	6	66 83	66 83	71.48	+0.32	1 75
Equity Income	6	65 96	65 96u	70 55	+0.52	4 64
Portfolio	6	55 98	55 98	59 87	+0.60	2 91
UK Leading Cos	6	42 93	43 54	46 32	...	4.38
Broker Trusts						
Trust Equity	6	43 51	43 93	46.98	-0 25	2.91
Sun Life of Canada Unit Mgrs Ltd (1000)H						
Basingview Basingstoke Hants 0800 525725						
American Growth	6	24.22	24 22	25 91	+0.19	0 81
Managed Assets	6	97.98	98 66u	105 52	+0 16	3.41
UK Income	6	30 23	30 49u	32.62	-0.07	4 66
UK Growth	6	30 73	31.10	33 27	+0 03	3 47
Worldwide Growth	6	22.19	22.19	23 74	+0 09	1 35

Sun Life Trust Mngmt Ltd (1200)H

Continued on next page

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 36p/minute cheap rate and 48p/minute at all other times. To obtain a free Unit Trust Code Booklet ring (071) 925-2128.

OFFSHORE INSURANCES

MANAGEMENT SERVICES

GUERNSEY (REGULATED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

ISLE OF MAN (SIB RECOGNISED)

هكذا من الأصل

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 38p/minute cheap rate and 48p/minute at all other times. To obtain a free Unit Trust Code Booklet ring (071) 925-2128.

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Gartmore Fund Managers (IoM)						
PO Box 32, Douglas, IoM 0624 627610						
Intl Grth	5¼	464.2	464.2xd	497.7	+5	0.9
Leopold Joseph Fund Mngrs (IoM) Ltd						
PO Box 52 Athol St Douglas IoM 0624 661020						
LJ International	5¼	88.86	88.86	95.56	+0.01	-
Mercury Fund Managers IoM Ltd						
11 Hill Street, Douglas IoM 0624 662255						
Merc IoM Fund	5	102.0	102.0	108.8	(z)	6.4
Merc Intl Bond	5	50.33	50.35	52.92	(z)	8.7
Sun Life Management (IoM) Ltd						
PO Box 178, Douglas, IoM 0624 622444						
Secure High Income	6	1.0548	1.0548	1.1309	+0.0003	7.96
Unibank Scandinavian Fund Ltd						
23 Bucks Road, Douglas, IoM 06246 26484						
Scandinavia Fd	5	-	132.38xd	141.12	...	1.0

ISLE OF MAN (REGULATED)(**)

	Bid Price	Offer Price	+ or -	Yield Gross
ATC Fund Management (SG) Ltd				
SG International		$10.89	....	-
Appleton Financial Advisors Ltd				
Appleton Capital Trust	95.0	100.0	....	-
CMI Fund Mngrs (IOM)				
Traders Fund Ltd H	$17.16	18.35	....	-
*Dealings Wednesday				
City Financial Admin (IoM) Ltd				
Beckman Optns & Warrants	0.49	0.57	+0.02	0.00
Beckman Optns & Warrants $	$0.87	1.01	+0.04	0.00
Beckman Reserve Assets	107	107	+1.00	2.64
Duncan Lawrie Inv. Mgt. Ltd				
DL Sterling	126.2	132.6	....	5.4
DL International	$1.46	1.55	....	2.2
Equity & Law International Fund Mgs Ltd				
European Equity	154.82	162.94	-0.42	-
Far Eastern Equity	$2.2482	2.3662	-0.0082	-
North Amer Equity	$1.6354	1.7212	-0.0052	-
UK Equity	158.06	166.35	-0.63	-
Global Equity	107.40	113.03	-0.59	-

[illegible]

MANAGED FUNDS NOTES

[illegible] ...ise indicated and those ... U.S dollars. Yields % ... Prices of certain older ... capital gains tax on ... p Periodic premium ... insurance. s Designated ... Undertakings for Collective ... s Offered price ... agent's commission. z ... gross. # Suspended. ♦ ... ☆☆ Only available ... shows annualised ... regulatory authorities ... Financial Services ... Bank of Ireland, Isle of ... Commission, Jersey ... Luxembourg, Institut [illegible]

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dramatic recovery by dollar

THE DOLLAR gained over two pfennigs against the D-Mark yesterday on one of the most volatile days of trading on the foreign exchanges this year, *writes James Blitz.*

Early morning trading in London continued the bearish trend set on Wednesday, with the US currency hitting a low of DM1.4805. But the dollar was boosted later in the day by comments from several European finance officials who said that they would like to see the dollar bottom out at its current levels.

Mr Michel Sapin, the French Finance Minister, issued the first blow in the dollar's favour by saying that none of his counterparts in the Group of Seven leading industrial nations wanted to see the currency drop further. Later, a Bundesbank board member compounded this comment, saying that Germany wants strong and stable dollar. The US currency finished trading in London at DM1.5190. In late American trading, it fell back to DM1.5150. By that stage it had climbed more than three pfennigs in the previous ten hours.

Few believe this recovery can hold. "We've seen a lot of short covering and a lot of operators trying to buy the dollar because they think it's cheap," said Mr Jim O'Neill, head of research at Swiss Bank Corporation in London. "I think they're moving too early." Mr Mark Slater, managing director of foreign exchange at Merrill Lynch International, agreed: "Nothing has changed in terms of the fundamentals. There is no sign of any reversal in the dollar's trend," he said.

Underlining that view were renewed fears that the Bundesbank could raise interest rates or the banks' reserve requirements at its council meeting next Thursday. "The underlying problem is that the Germans have still not managed to get money supply under control," said one commercial bank trader.

Sterling was the other volatile currency yesterday, suffering a heavy fall both in overnight trading and the early morning in London. At 9 am in London it was trading at a low of DM2.8585, 1½ pfennigs down from the previous night's close in London. For the rest of the day, it was boosted by a series of comments from British government ministers, suggesting that sterling would enter the narrow bands of the European Monetary System when the time was right.

The pound ended the day ¾ of a pfennig stronger than its previous close, at DM2.8800. But sterling could have been expected to profit more from the dollar's dramatic rise and from intervention by the Bank of Spain, which yesterday sold D-Marks to buy pesetas. Its failure to do so is one of the clearest signs yet that the currency has an a weakness independent of market uncertainty.

£ IN NEW YORK

July 9	Latest	Previous Close
£ Spot	1.8965-1.8975	1.9273-1.9280
1 month	1.08-1.07pm	1.12-1.11pm
3 months	3.12-3.10pm	3.27-3.25pm
12 months	10.55-10.45	10.80-10.70

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	July 9	Previous
8.30 am	92.5	93.1
9.00 am	92.6	93.0
10.00 am	92.6	93.0
11.00 am	92.6	93.1
Noon	92.6	92.9
1.00 pm	92.6	92.7
2.00 pm	92.6	92.7
3.00 pm	92.5	92.8
4.00 pm	92.6	92.8

CURRENCY MOVEMENTS

Jul 9	Bank of England Index	Morgan** Guaranty Changes %
Sterling	92.6	-19.2
U.S Dollar	60.7	-18.3
Canadian Dollar	98.6	-2.9
Austrian Schilling	110.9	+12.7
Belgian Franc	112.4	-1.3
Danish Krone	110.9	+4.7
D-Mark	120.4	+26.3
Swiss Franc	108.1	+16.5
Dutch Guilder	115.6	+17.0
French Franc	105.7	-10.9
Lira	99.5	-19.5
Yen	140.6	+77.4
Peseta	108.1	-17.5

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100). **Rates are for July 8

CURRENCY RATES

Jul 9	Bank ‡ rate %	Special ¶ Drawing Rights	European † Currency Unit
Sterling	-	0.749018	0.711753
U S Dollar	3.00	1.45272	1.35874
Canadian $	5.85	1.73063	1.62179
Austrian Sch	7.50	15.1025	14.3904
Belgian Franc	8.50	44.4496	42.1344
Danish Krone	9.50	8.30157	7.87116
D-Mark	8.00	2.14901	2.04449
Dutch Guilder	8.50	2.44188	2.30510

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Jul 9	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Portuguese Escudo	178.735	172.587	-3.44	5.77	56
Spanish Peseta	133.631	129.829	-2.85	5.12	48
Belgian Franc	42.4032	42.1344	-0.63	2.78	26
D-Mark	2.05586	2.04449	-0.55	2.70	29
Dutch Guilder	2.31643	2.30510	-0.49	2.63	20
Irish Punt	0.767417	0.766738	-0.09	2.22	0
French Franc	6.89509	6.89355	-0.02	2.15	-4
Danish Krone	7.84195	7.87116	0.37	1.75	-21
Italian Lira	1538.24	1546.51	0.54	1.58	-31
Sterling	0.696904	0.711753	2.13	0.00	-43

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
Adjustment calculated by Financial Times

POUND SPOT - FORWARD AGAINST THE POUND

Jul 9	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.8930 - 1.9225	1.8960 - 1.8970	1.09-1.06cpm	6.80	3.10-3.07pm	6.51
Canada	2.2605 - 2.2825	2.2615 - 2.2625	0.91-0.85cpm	4.67	2.67-2.55pm	4.62
Netherlands	3.2200 - 3.2500	3.2400 - 3.2500	¼-⅛cpm	0.69	½-¼pm	0.46
Belgium	58.80 - 59.20	59.10 - 59.20	6-1cpm	0.71	9-3pm	0.41
Denmark	10.9900 - 11.0550	11.0225 - 11.0325	⅝-1⅛oredis	-1.09	⅞-2⅛dis	-0.61
Ireland	1.0720 - 1.0775	1.0760 - 1.0770	0.01dis-0.02cpm	0.06	0.05dis-0.01pm	-0.07
Germany	2.8575 - 2.8825	2.8775 - 2.8825	¼pfpm-par	0.26	¼-¼pm	0.26
Portugal	240.75 - 242.50	241.50 - 242.50	32-92cdis	-3.07	106-262dis	-3.04
Spain	181.15 - 182.55	182.15 - 182.45	33-43cdis	-2.50	99-131dis	-2.52
Italy	2157.75 - 2180.00	2178.50 - 2179.50	9-10liredis	-5.23	25-27dis	-4.77

MONEY MARKETS

Small cash shortage

CASH rates in the sterling money markets ended softer yesterday after the Bank of England forecast a far smaller shortage than the market had expected.

The Bank's forecast of a £500m shortage, later revised to £600m, was nearly half of what most dealers had anticipated. The news brought relief in a market where three days of expensive money had left the overnight offered rate on Wednesday at 25 per cent.

There was less cheer from sterling's performance on the foreign exchange markets, however, with the pound sinking to a low of DM2.8587. Although it closed ¾ of a pfennig up on the day, this was less than could have been expected given a dramatic rise yesterday by the dollar.

UK clearing bank base lending rate 10 per cent from May 5, 1992

The pound's dramatic drop by nearly two pfennigs in Wednesday's overnight trading in Asia forced cash rates to firm when London opened. Sterling futures were also sharply depressed. The September short sterling contract reached a low of 90.06 in the morning, underlining the market's view that a base rate cut is unlikely before the autumn.

Confidence was then restored by the low shortage forecast from the Bank and comments from a UK Treasury minister that the pound would enter the narrow band of the European Monetary System "in due course." The September sterling contract eventually closed 1 tick down from its previous close at 90.12, while the December contract finished 3 ticks higher at 90.41.

In the cash market, 1 month money ended unchanged at 10⅛ per cent and 3-month money, a key indicator of where rates are moving, was ⅛ per cent softer at 10⅛ per cent. 1 year money was 1/16 per cent softer at 9⅞ per cent. The overnight closed at the far more relaxed level of around 9¾ per cent.

In the morning, the Bank purchased £500m of Band 1 bank bills at the established rate of 9¾ per cent, and bought a further £100m of these in the afternoon.

Dealers remain bearish about a base rate cut. A suggestion in a German newspaper yesterday that the Bundesbank may engineer another interest rate rise rattled the market. As one London money market dealer put it: "I don't think such a rise is likely, but where would such a rumour have come from if there was no basis for it?"

FINANCIAL FUTURES AND OPTIONS

FT LONDON INTERBANK FIXING

MONEY RATES

LONDON MONEY RATES

EURO-CURRENCY INTEREST RATES

EXCHANGE CROSS RATES

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

OTHER CURRENCIES

BASE LENDING RATES

MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

CROSSWORD

No.7,895 Set by ADAMANT

ACROSS

1 Croats overcast? (6)
4 He paints badly like an A (8)
10 A shows fibre playing the hag (7)
11 He asked for more about one A (7)
12 Sturdy growth of old A (4)
13 Wealthy offspring had a way with an A (10)
15 A let three rounds go astray (6)
16 An anthropoid way to get transatlantic foot stress (7)
20 So the sea in France is outside atomic nuclei (7)
21 A's last letter followed us back to the island (6)
24 In France she had new try to capture the queen - what an A! (5,5)
26 A making comeback without it will go with the tide (4)
28 The Guild, for example, trained this A.... (7)
29 ....while the Board, for example, directed this one.... (7)
30 ....but this A needed loose cash for initial training! (8)
31 Embarkation point for the French A (6)

DOWN

1 Morning piece on following one goal (8)
2 Some hadn't altered the feudal conditions (9)
3 Study each little way round (4)
5 Driving off to sing Ho! Ho! medley (8)
6 Sound pleased as a cat it's over – the bowl may contain welcome drink (7,3)
7 One struggles with garden climbers (5)
8 Flower queen at home in Tyneside (6)
9 Instrument of punishment requiring a rich mixture (5)
14 Might a large man do as a mature organiser? (3,7)
17 In the same way, the detour on M1 is to reroute rally (9)
18 Differ on reform of accepted companion (6,2)
19 Year when letters were sent all over the place (8)
22 King of Olympus curtailed distribution of little magazine for a figure of speech (6)
23 Sweetener for railway system that is outside Birmingham initially (5)
25 Caught the cad coming up on the outside – what a sucker! (5)
27 Old secret police go up, up, up! (4)

Solution to Puzzle No.7,894

WORLD STOCK MARKETS

CANADA

MONTREAL

2:00 pm prices July 9

Sales	Stock	High	Low	Close	Chng
53500	BombrdierB	$15⅞	15	15⅞	+⅛
71500	Cambior	$8¼	8⅛	8¼	
57100	CanImp Bk	$28⅝	28⅜	28⅜	−⅛
100	CanMarconi	$16¼	16¼	16¼	
16100	Cascades	$8⅛	8	8	
500	DominTxt A	$6⅜	6¼	6¼	
1800	MacleanHnt	$11⅞	11⅞	11⅞	
93200	NatBk Can	$8⅞	8¾	8⅞	
1800	Provigo	$8¼	8¼	8¼	+⅛
700	Quebecor A	$14¼	14¼	14¼	+⅛
800	Teleglobe	$13½	13⅜	13½	+⅛
9000	Videotron	u$17⅞	17⅜	17⅝	−⅛

Total Sales 10,115,400 shares

† - No voting rights or restricted voting rights

INDICES

NEW YORK

DOW JONES	Jul 8	Jul 7	Jul 6	Jul 2	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	3293.28	3295.17	3339.21	3330.29	3413.21 (1/6)	3172.41 (2/1)	3413.21 (1/6/92)	41.22 (2/7/32)
Home Bonds	100.71	100.50	100.44	100.36	100.71 (8/7)	98.41 (20/3)	100.71 (8/7/92)	54.99 (1/10/81)
Transport	1289.61	1314.46	1321.19	1324.74	1467.68 (20/2)	1277.65 (26/6)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	217.64	216.45	215.26	213.57	225.59 (3/1)	200.74 (8/4)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 3323.00 (3360.82) Low 3258.70 (3285.71)

STANDARD AND POOR'S

	Jul 8	Jul 7	Jul 6	Jul 2	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	410.28	409.16	413.84	411.77	420.77 (15/1)	394.50 (8/4)	420.77 (15/1/92)	4.40 (1/6/32)
Industrials	481.07	479.64	486.40	483.64	499.27 (15/1)	470.91 (8/4)	499.27 (15/1/92)	3.62 (21/6/32)
Financial	35.93	36.02	36.40	36.47	36.47 (2/7)	32.40 (8/4)	36.47 (2/7/92)	8.64 (1/10/74)
NYSE Composite	225.49	225.15	227.44	226.41	231.85 (15/1)	217.92 (8/4)	231.85 (15/1/92)	4.46 (25/4/42)
Amex Mkt. Value	379.86	380.26	382.58	382.55	418.99 (12/2)	374.04 (26/6)	418.99 (12/2/92)	29.31 (9/12/72)
NASDAQ Composite	557.57	557.41	563.17	563.35	644.92 (12/2)	547.84 (26/6)	644.92 (12/2/92)	54.87 (31/10/72)

	Jun 26	Jun 19	Jun 12	year ago (approx.)
Dow Industrial Div. Yield	3.14	3.14	3.03	3.16

	Jul 1	Jun 24	Jun 17	year ago (approx.)
S & P Industrial div. yield	2.66	2.72	2.72	2.96
S & P Indl. P/E ratio	28.74	28.14	28.03	16.95

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day
Marion Merrell	5,197,000	27	- ⅛
BankAmerica	2,555,300	42½	- 1¼
Glaxo	2,140,500	26⅛	+ ⅜
Telefonos	2,134,200	44¼	- ⅛
Phillip Morris	2,084,700	78⅛	+ ⅛
Union Carbide	1,808,900	12	+ ⅝
Gen Motors	1,633,400	40⅛	- ⅛
Merck	1,631,300	50⅞	+ ⅛
Boeing	1,611,700	40⅛	- ⅜
Waste Mgt.	1,536,500	34⅞	+ ⅜

TRADING ACTIVITY

† Volume (Millions)	Jul 8	Jul 7	Jul 6
New York SE	200.020	220.345	186.410
Amex	9.550	10.996	7.928
NASDAQ	161.625	174.407	134.773
NYSE			
Issues Traded	2,293	2,281	2,292
Rises	805	696	980
Falls	895	1,048	774
Unchanged	593	537	538
New Highs	79	103	73
New Lows	50	44	33

CANADA

TORONTO	Jul 8	Jul 7	Jul 6	Jul 3	1992 HIGH	1992 LOW
Metals & Minerals	3172.31	3161.97	3168.98	3201.74	3238.87 (16/1)	2828.26 (8/4)
Composite	3418.40	3416.29	3426.91	3430.10	3666.00 (16/1)	3318.10 (8/4)
MONTREAL Portfolio	1814.48	1809.83	1817.24	1806.18	1937.59 (16/1)	1727.04 (8/4)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

**Saturday July 4: Taiwan Weighted Price: 4534.31, Korea Comp Ex. 545.41
‡ Subject to official recalculation. *Calculated at 15.00 GMT.
Base values of all indices are 100 except: Austria Traded, BEL20, HEX Gen., MIB Gen., Euro Top-100, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500, (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks

Thursday 9 July 1992

	Stocks Traded	Closing Prices	Change on day
Fuji Heavy Inds	7.3m	386	+10
Meiji Milk Prod	7.3m	980	-5
Ricoh Co	6.7m	576	+10
Green Cross	6.2m	1,130	-10
OKI Electric Ind	5.8m	434	+12
Toyama Chem	4.7m	768	-22
Sanyo-Kokusaku	4.6m	525	-53
Taiyo Fishery	4.0m	502	-15
Toshiba Corp	3.9m	652	+5
Daiichi Seiyaku	3.6m	1,680	-40

2:00 pm prices July 9

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1992 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
15⅞	11⅞	AAR Corp	0.48	3.6	21	323	13⅝	13¼	13⅛	
28	18⅛	A L Labs A	0.18	0.8	87	69	22	21⅝	21¾	-¼
68¼	53¼	AMP Inc	1.52	2.8	22	1569	54⅜	d53½	54¼	+½
80¼	60⅞	AMR				184850	64¼	63	64⅛	+½
2⅜	1⅛	ARX			2	6	1¼	1⅛	1⅛	
53½	36¼	ASA	2.00	4.9	27	35	41⅛	41	41⅛	
34¼	26⅛	Abbott Lab x	0.60	2.0	22	10722	30¼	29⅝	29⅞	+⅛
13⅞	12	Abitibi Pr x	0.50	3.9	9	28	13	13	12⅞	+⅛
11⅝	10⅛	ACM Gvt In x	1.11	10.0		168	11¼	11⅛	11⅛	-⅛
10⅜	9⅛	ACM OppInc x	0.94	9.6		5	9¾	9¾	9¾	
9½	8½	ACM Gvt Sc x	0.82	8.9		37	9⅜	9¼	9¼	
11¼	10⅛	ACM Gvt Se	1.13	10.3		143	11	10⅞	11	
9⅝	8⅝	ACM Man x	0.98	10.3		233	u9⅝	9½	9½	
12⅞	10⅝	ACM MgdDl r	1.21	10.6		89	11⅝	11¼	11⅜	+⅛
11¾	4¼	Acme Cleve	0.40	7.1	19	869	5⅞	5⅜	5⅝	-¼
6¼	4⅛	Acme Elect			4	7	4¾	4⅝	4⅝	
33¼	18⅞	Acuson			12	3044	19⅛	d18⅞	19	-⅛
19½	18⅛	Adams Expr	1.63	8.8	0	7	18½	18½	18½	-⅛
48⅛	29½	Ad Micro	3.00	9.4		348	31¼	30¾	31¼	+1
21½	7½	Ad Micro P	3.00	36.9	3	1323	8¼	7¾	8⅛	+⅜
9⅛	5	Advest Grp	0.16	2.6	61	106	6¼	6⅛	6⅛	
36¾	33	Aegon ADR	1.68	4.6	6	5	36⅛	36⅛	36⅛	-⅛
47	38⅛	Aetna Lf	2.76	6.6	6	1540	42¾	42⅜	42½	
12	6⅛	Ahli A	0.24	2.1	12	1840	11½	11¼	11⅜	+⅛
32⅞	24	Aflac	0.44	1.4	16	546	32	31⅛	32	+⅞
19⅛	15⅛	Ahmanson	0.88	5.2	7	900	17⅛	16¾	17	+¼
22½	5¾	Aileen Inc			6	176	6½	6⅛	6⅛	+⅛
49½	36½	Air Pr Chm x	0.86	2.0	16	974	42⅜	41	42⅛	+1¼
29¾	13	Airbne Frt	0.30	2.3	10	1964	13¼	d12½	13	-⅛
34¼	22⅞	Airgas Inc			26	35	31	30¾	31	+⅛
[illegible]										

1992 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
41¼	29⅞	Brnkofirst			29	455	32¼	31½	32¼	
90⅛	62⅛	Bristol M x	2.76	4.1	16	6865	67¼	66⅞	66⅞	
67½	39½	Brit Airwy	3.44	6.6	8	874	52½	52¼	52¼	
49½	40⅛	Brit Gas	3.76	7.8	11	863	48⅝	48¼	48¼	
60⅛	45½	BP ADR	4.04	8.3	65	1034	48⅝	48⅛	48½	
31⅞	27⅞	BP Prudhoe	3.24	11.0	7	272	29½	29⅜	29½	
1⅞	0.11	BP Wts93				136	⅛	0.15	⅛	
15⅜	11⅛	Brit Steel	0.76	6.1	7	92	12½	12¼	12⅜	
67⅛	53⅞	Brit Tel	4.48	6.7	11	252	u67⅝	67⅛	67¼	
21	15¼	Broad Inc	0.20	1.2	11	829	17¼	16⅞	17⅛	
32½	28	Brooklyn U x	1.94	6.1	12	113	31¾	31¼	31¾	
90	72	BrwnFormnB	2.44	3.0	15	44	81¼	80½	81¼	
28¾	21	Brown Grp	1.60	7.1	43	171	22¾	22½	22⅝	
10½	5	Brown&Shrp	0.32	5.8	30	706	6⅝	d5	6½	
24⅞	19⅝	Browning F	0.68	3.0	19	3225	23	22½	23	
3⅞	1⅞	BRT			1	10	2	2	2⅛	
17¾	13⅜	Brunswick	0.44	3.1	47	9823	14½	14⅜	14⅜	
19	12⅞	Brush Well	0.20	1.2	9	14	16⅝	16⅝	16⅝	
28⅞	26⅞	Buckeye Pt	2.60	9.1	11	9	28½	28¼	28½	
16⅝	15⅜	Bunker Hil	1.44	8.9		0z100	16	16	16⅛	
14½	11⅜	Burger K I	1.56	10.9	19	31	14⅜	14¼	14¼	
25⅞	16½	Burl Coat			10	254	19	18¾	18⅞	
47⅜	38	Burl North	1.20	3.3	12	4796	36½	d36	36½	
42⅞	30	Burlin Resc	0.70	2.0	23	1487	35⅞	35⅛	35⅛	
18	14⅜	Burnham Pc	1.36	8.6	47	428	15¾	15⅝	15¾	

- C -

1992 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
37½	30¾	CBI Ind	0.48	1.5	20	83	33	32⅞	32¾	
209⅜	132¼	CBS Inc	1.00	0.5	32	436	196	194⅞	195⅛	
[illegible]										

- D -

[illegible]

- E -

[illegible]

- F -

[illegible]

- G -

[illegible]

- H -

[illegible]

- I -

[illegible]

- J -

[illegible]

- K -

[illegible]

- L -

[illegible]

- M -

[illegible]

- N -

[illegible]

- O -

[illegible]

- P - Q -

[illegible]

- R -

[illegible]

- S -

[illegible]

Continued on next page

NYSE COMPOSITE PRICES

Continued from previous page

1992 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
47¾	40¼	Scecorp ▼	2.80	6.2	13	1164	45¾	45⅛	45⅛	−⅛
68	49⅞	ScheringPl	1.56	2.8	17	2261	65¾	56	65⅝	+⅝
68⅞	52¾	Sch'berger	1.20	1.9	17	3819	62⅞	60½	62¼	+2⅜
37⅞	20⅞	Schwab(C)	0.24	1.1	12	2403	22¾	21⅞	22¼	+⅛
10⅜	6¾	Schwitzer			36	13	7¼	7⅛	7⅛	
24	15⅛	ScientAtln	0.16	0.7	156	669	23½	23¼	23½	
10⅝	7½	Scotman	0.10	1.2	55	73	8⅝	8¼	8¼	−⅛
46	34½	ScottPaper	0.80	2.1	52	852	38⅝	37¾	38⅝	+⅞
17½	13⅝	ScuddrNAsF	0.22	1.5		93	15¾	15⅛	15⅛	−⅝
9⅞	8¾	ScuddrNEoF	0.30	3.3		81	9⅛	9⅛	9⅛	−⅛
24	16	Sea Cont	0.70	3.4	9	39	20⅞	20¾	20⅞	+⅛
15¾	14⅞	SeaCt1.4625	1.46	9.7		2	15½	15½	15⅛	−⅛
31	26⅞	Seagram Co	0.14	0.5	18	1359	27⅞	27½	27⅞	+⅛
28½	21⅝	Seagull En			502	407	25¼	24⅞	25⅛	+⅝
56⅞	43¾	Sealed Air			25	3	47½	47⅛	47½	+⅛
22⅞	12⅛	SPX Corp	0.40	2.0	18	269	20¾	20½	20½	−⅛
49	37	Sears Roeb	2.00	5.2	10	3765	38¾	38¼	38⅞	+¾
12⅝	11⅞	Seligm Sel	0.84	6.7		140	u12⅝	12½	12½	
31¼	24¾	Sensormat	0.30	1.1	25	625	26⅞	25⅞	26⅞	+⅝
51	36¼	Sequa A	0.60	1.5	46	165	39½	39⅛	39½	+¼
58	45½	Sequa B	0.50	1.0	27	9	50½	50½	50½	
18¾	15¾	ServiceCpI	0.40	2.3	15	293	17¾	17	17⅛	+⅛
27¾	22	Servicemstr x	1.18	4.4	14	155	26⅝	26¼	26⅝	+⅛
28⅞	17	Shaw Ind	0.30	1.3	30	416	23½	23¼	23½	+⅛
19¼	8⅞	Shawmut NR	1.00	5.8	6	11779	17⅞	17	17⅞	+½

1992 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
28½	24⅞	Xtra 1.94	1.94	7.1		26	27½	27¼	27¼	
37	28½	Xtra Corp	0.80	2.3	12	143	34⅝	34	34⅛	−⅜
27⅞	25¼	Yankee Egy	1.68	6.0	12	3	u27½	27⅜	27½	+⅛
1½	½	Zapata			43	41	⅞	⅞	⅞	
11⅛	6⅝	ZenithElec			3	290	7¾	7½	7⅝	+¼
19½	14½	Zenith Nat	1.00	5.4	8	26	18½	18¼	18½	
7⅛	6	Zenix Inc	0.82	11.7		145	7	6⅞	7	+⅛
13¾	10	Zero Corp	0.40	3.7	17	504	10⅞	10¼	10⅞	+⅝
38	27¾	Zurn Ind	0.88	3.1	31	24	28½	28⅛	28½	+⅜
14⅛	12	Zweig Fund x	1.15	9.1		192	12¾	12⅞	12⅝	+⅛
11	9½	Zweig Tot x	0.96	9.6		426	10⅛	10	10	−⅛

Price data supplied by Telekurs.

Yearly highs and lows reflect the period from Jan 1, excluding the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

2:00 pm prices July 9

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
Perini	0.80	27	7	13⅛	13	13	
Pet H&P	1.14	16	20	14¾	14½	14¾	+⅛
Phil LD	0.21	16	434	38½	37⅝	37¾	−¼
Pitney A	1.10	16	14	30⅛	30	30	−¼
Ply Gem	0.12	22	5	10⅞	10⅞	10⅞	+⅛

NASDAQ NATIONAL MARKET

2:00 pm prices July 9

- X - Y - Z -

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
Xilinx		22	3569	20¼	18½	20⅛	+1⅝
Xoma Corp		7	1275	13¼	12¾	13	−¼
Yellow Fr	0.94	21	976	25⅝	24⅝	25⅝	+⅜
York Rsch		5	483	5⅛	4⅞	4⅞	−¼
ZionUtah x	1.44	11	32	56	54½	55⅞	+1⅝

AMERICA

Variety of stimuli lift Dow in heavy trading

Wall Street

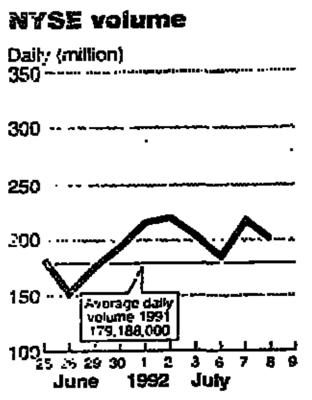
NEWS of a fall in unemployment claims, improved store sales and sporadic computer buy programs combined to lift share prices across the board in heavy trading yesterday, *writes Patrick Harverson in New York.*

By 1 pm the Dow Jones Industrial Average was up 31.88 at 3,325.16. The more broadly based Standard & Poor's 500 was also firmer, up 3.38 at 413.36, as were the Amex composite, 1.26 higher at 381.12, and the Nasdaq composite, up 5.92 at 563.49. Turnover on the NYSE was 124m shares by 1 pm, and rises outpaced declines by a ratio of almost two to one.

After falling more than 60 points in the last four trading days, the market was due for a rebound yesterday, and early news of a 4,000 decline in weekly jobless claims and of solid increases in department and chain store sales provided the necessary spark.

Institutional buyers were spotted in the market early, and computer programs buying a wide range of stocks added to the gains. Among the blue-chips believed to have benefited from the programs and renewed institutional interest were Caterpillar, up $1¾ at $51⅞, Philip Morris, up $1 at $79¼, Ford, up $1 at $41⅛ and McDonald's, $1 higher at $45.

Among the retail stocks aided by the news of higher June sales were Gap Stores, $¾ firmer at $33½, Wal-Mart, up $⅞ at $55, AnnTaylor Stores, up $1 at $19⅞, and JC Penney, up $¾ at $70⅞. Lower sales, however, hit the Limited, down $⅞ at $19⅜.



Union Corp dropped $3⅞ to $15⅛ after the company warned that net income in the year ended last month would be between $1 a share and $1.05 a share, well down on the $1.20 it earned in the previous year.

Dow Jones edged $⅛ higher to $33 after the company reported second quarter operating earnings of $89.3m, up 25 per cent on a year ago.

Digital Equipment rose $⅛ to $35⅛ after winning an estimated $750m 10-year contract to develop the world's first fully digital telecommunications network for Optus Communications of Australia.

North American Mortgage made an impressive debut, with the stock trading at $12⅞ in turnover of 1.6m shares after the company's 5.5m shares were issued at a price of $11.50 each.

On the Nasdaq market, St Paul Bancorp rose $1¼ to $20⅞ after posting second quarter earnings of 78 cents a share, up from 53 cents a share a year ago.

Canada

TORONTO stocks gained marginally in subdued midday trade as dealers waited for a speech by the Quebec premier, Mr Robert Bourassa, later in the day. The TSE 300 moved up 4.7 to 3,423 in volume of 12.5m shares valued at C$137m. Advances outstripped declines by 248 to 208 with 219 issues unchanged.

The transportation sector index was 105.59, or 2.08 per cent lower at 4,981.38 following the release of disappointing third quarter results from Laidlaw. Its B shares slipped C$⅝ to C$12½ in volume of 397,653 shares, the most active issue of the day, after the company reported a slight drop in third quarter earnings to 14 cents from 16 cents per share a year before.

False dawn for European engineers

The sector has retreated after a good performance in the first half, says Andrew Baxter

INVESTORS in European engineering companies are having to learn the virtue of patience as they await the end of a recession that has spread steadily across the Continent over the past 18 months.

It is not only in the UK – where the Conservatives' election victory in April produced a burst of enthusiasm that turned into a false dawn for manufacturing companies – that 1992 has brought disappointment for companies as *well as their shareholders.*

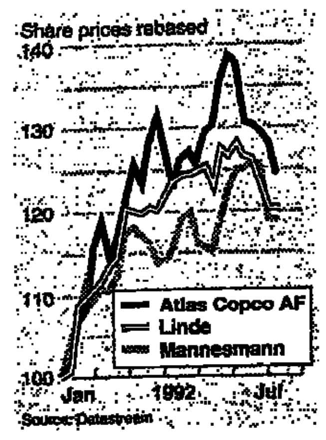
In Germany, the powerhouse of European engineering, shares performed well in the first half of the year but more recently have fallen back. Mannesmann, the big German engineering company with an interest in cellular telephones, reached DM310.50 on June 23 – up 26.5 per cent since the start of the year – but has since dropped back, to close at DM293 yesterday. Linde, one of Europe's leading fork-lift truck manufacturers, reached DM876 on May 25, up 28.6 per cent since January 1, but closed at DM820 yesterday.

The story is similar in Sweden, with Atlas Copco jumping 39 per cent from the start of the year to SKr334 at the end of May before retreating to SKr300 yesterday, and Asea, in partnership with Switzerland's Brown Boveri, gaining 40.5 per cent to SKr392 on July 3 before closing at SKr376 yesterday.

This trend is a sign, says Mr Gebhard Klingenstein of Barclays de Zoete Wedd in Frankfurt, "that the whole upturn of *industry has been postponed,* and won't be happening this year".

Reports from the real economy tend to confirm what Mr Edward Hadas at Morgan Stanley sees as a "growing doubt among investors that there is an end to the recession". Incoming orders for the western German engineering industry, an important barometer, dropped 4 per cent in real terms in May, compared with the same month a year earlier, according to the VDMA industry association.

The European engineering industry is international – 60 per cent of German mechanical engineering output is exported and a similar proportion of the larger UK engineering groups' turnover is derived from outside the UK.



Therefore, the industry is exposed to economic conditions worldwide, and currently there are few bright spots. But it is also diffuse, and its constituent parts react in varying degrees to other external factors – most of which are negative at present.

The near collapse of east European markets, for example, has cast a pall over the German machine tool industry, exacerbating problems caused by the downturn in western Europe.

Other sectors hit by the upheaval in east Europe include sewing machines and textile equipment, according to Mr Hadas, while one of the very few sectors to have *retained some stability* has been food manufacturing machinery.

For investors in European engineering stocks, one of the features of the sector is the relatively long lag between changes in business conditions and their effect on profit. Investors tend to look out for an improved order flow, and can then expect a rise in profits some months ahead.

In this environment, share prices are much more sensitive to short-term changes of sentiment than to short-term trends in earnings, says Mr Hadas.

On the immediate outlook, there is nothing to suggest a dramatic change in sentiment, and thus in share prices, over the next few months. One analyst even suggests the general environment could get worse rather than better, citing factors such as the current Italian budget deficit crisis – reducing the deficit could hit exports from German engineering companies to the Italian market.

Mr Klingenstein is optimistic about the performance of machinery stocks for next year, partly because of a structural rise in demand – mainly from eastern Germany – and cyclical demand factors. Meanwhile, he says, shares are likely to go sideways.

As in the UK, what is lacking in continental Europe is confidence, a problem that begins with the current reluctance of engineering companies' customers to invest, and feeds through to share prices. Restoring it is likely to be a gradual process as equipment demand grows slowly next year.

EUROPE

Bourses respond to recovery in the dollar

YESTERDAY's recovery in the dollar gave bourses a better day, *writes Our Markets Staff.*

FRANKFURT saw the dollar improve 3¼ pfg to DM1.51, reversed direction and restored some serious share price falls of a day before. This, and a modicum of good company news, left the DAX 6.46 better at 1,757.64 after a token 0.05 gain for the FAZ in midsession.

Volume fell from DM5.2bn to DM4.7bn. Among the DAX stocks, the big three chemicals put in bigger than average gains; Degussa and Metallgesellschaft recovered DM8.60 to DM331.80 and DM6.30 to DM401.50, the former helped by supportive comment and the latter by speculation about higher metals prices, and news of a cooperation agreement with Deutsche Babcock on power plant production.

In construction, Hochtief rose DM15 to DM1,217 on a 19 per cent rise in first half output. In retailing, Kaufhof rose DM8.50 to DM520.50 on the prospect of a 20 per cent increase in earnings this year; Asko continued its recovery with a DM19 rise to DM710.

Elsewhere, AMB put on DM27 to DM895 after its accord with the French insurer, AGF, over voting rights attached to AGF's stake in AMB; the agreement also paved the way for Credit Lyonnais to become a majority shareholder in BfG Bank, a substantial drain on AMB since 1987.

PARIS rose in a technical reaction to its recent losses but trading was thin ahead of the Bastille holidays on Monday and Tuesday. The CAC 40 index rose 14.09 to 1,861.84 in turnover of FFr1.6bn.

LVMH was a prominent winner, adding FFr118 or 3.2 per cent to FFr3,780 on news that turnover rose around 5 per cent in the first half. Among stocks participating in the rebound, Suez rose FFr6.90 to FFr273.80, Total FFr2.50 to FFr235, Michelin FFr5.20 to FFr204.2 and Euro Disney FFr1.90 to FFr106.90.

Valeo fell FFr24 to FFr745 on news that CGIP had sold a 1.4 per cent stake in the car parts maker during the third week of June and that it intended to sell its remaining 3.7 per cent.

MILAN closed firmer in a technical rebound after its recent weakness. But trading was thin ahead of details of the government's interim budget, due to be released today. The Comit index rose 4.09 to 433.21 in turnover estimated at less than Wednesday's L89.5bn.

The insurer, Fondiaria eased L550 to L24,500 on fears that the accord between France's AGF and Germany's AMB could hurt the Italian company's own projects with AMB.

Benetton fell to L10,905 on reports that a domestic broker had cut its earnings estimates for the textile company, but recovered to L11,600, down L250, on a 15 per cent increase in first-half net profit.

Telecoms steadied after their recent drop, with Stet closing L19 higher at L1,569 and Sip recovering L35 to L1,203.

FT-SE Eurotrack 100 - Jul 9							
Hourly changes							
Open	10.30am	11 am	12 pm	1 pm	2 pm	3 pm	close
1122.29	1122.48	1123.51	1124.84	1123.69	1126.77	1127.49	1128.17
Day's High 1128.43				Day's Low 1118.68			
Jul 8	Jul 7	Jul 6	Jul 3	Jul 2			
1121.53	1129.83	1134.09	1142.19	1134.63			

Base value 1000 (26/10/90).

ZURICH saw thin trading and the employment agency, Adia, which does substantial US business, topped the active list as it rose SFr9 to SFr304.

The SMI index rose 9.1 to 1,846.7. Ciba-Geigy registered rose SFr6 to SFr682 following news that EMS Chemie had sold 70,000 at an unknown price. There had been talk of a major seller in Ciba.

Bearers in the watchmaker, SMH, rose SFr65 to SFr1,260 in active trading on the acquisition of two small Swiss companies, the watchmaker, Blancpain, and the watch movements manufacturer, Frederic Piguet.

AMSTERDAM's CBS Tendency index added 1.3 to 122.10. Unilever was the main beneficiary of the dollar's recovery, adding Fl 2.30 to Fl 187.30.

The truckmaker Daf added 40 cents to Fl 21.70 on reports that it might receive a Fl 100m loan from the government.

STOCKHOLM rebounded in low volume, the Affärsvärlden General index closing 7.6 higher at 885.1 as turnover dropped from SKr552m to SKr284m. The pharmaceuticals group, Astra, led active stocks, the B gaining SKr4 to SKr518 on their defensive qualities.

Volvo went against the trend, the B shares retreating SKr4 to SKr370. Dealers attributed this partly to a French government report on Tuesday, which was gloomy about Volvo's prospects, and to the dollar's effect on Volvo revenues.

VIENNA was volatile, the ATX index hitting a low of 887.84, recovering to close 7.37 lower on the day at 900.25, and indicated lower again after hours following the surprise resignation of the OMV chairman, Mr Siegfried Meysel.

OMV fell Sch20 during the session to Sch784 but after news of Mr Meysel's resignation it fell to Sch747 in London.

SOUTH AFRICA

JOHANNESBURG fell by almost 2 per cent as private investors continued to sell, worried by the political uncertainty. The industrial index fell 70 to 4,234, and the overall index lost 65 to 3,449. The gold index shed 24 to 1,052.

ASIA PACIFIC

Firmer futures market gives Nikkei a boost

Tokyo

SHARE prices shrugged off arbitrage-related selling and posted firm gains on index-linked buying, prompted by a rise in the futures markets, *writes Emiko Terazono in Tokyo.*

The Nikkei average gained 248.40 to 16,848.66. The index, which fell to the day's low of 16,571.76 in the morning, advanced to a high of 16,927.24 on active buying in the afternoon.

Volume rose to 250m shares from 201m. Advances led declines by 602 to 315, with 167 unchanged. The Topix index of all first section stocks rose 10.80 to 1,284.93 and, in London, the ISE/Nikkei 50 index eased 0.01 to 1,011.13.

Traders said that the activity was largely option-related, as July options contracts expire today. But most Japanese institutional investors were absent from the rally. "Financial institutions will buy when the market falls, but they will not chase rising share prices," said Mr Nobuhiro Kaneda at Daiwa Securities.

While foreign investors remained on the sidelines, traders said that a rise could prompt selling from foreigners looking for opportunities to manoeuvre. "Many foreigners are looking to switch into defensive stocks," said Mr Ross Purdie at SG Warburg Securities.

Traders said that the index was helped by the advance in bank shares. Reports that commercial banks are considering issuing perpetual subordinated bonds, to meet capital adequacy ratios set by the Bank for International Settlements, encouraged investors. Industrial Bank of Japan rose Y40 to Y1,600 and Dai-Ichi Kangyo Bank advanced Y70 to Y1,270.

Short-term "theme" stocks continued to be actively traded. Dealers and individuals took profits on Aids-related issues such as Meiji Milk Products, which fell Y5 to Y980, and bought stocks on the mergers and acquisitions theme.

Lower-priced companies in the high-technology and automobile sectors were popular as possible targets for acquisitions. Fuji Heavy Industries, the car maker, was the most active issue of the day, advancing Y10 to Y386. Ricoh, the office equipment maker, rose Y10 to Y576 and Oki Electric added Y12 to Y434.

The two paper and pulp companies which announced a merger on Wednesday declined on profit-taking. Sanyo-Kokusaku Pulp fell Y53 to Y525 and Jujo Paper lost Y8 to Y528. Analysts pointed out that while the merger would create the largest company by sales, the new company could face a squeeze in profitability due to the slump in the paper and pulp industry.

In Osaka, the OSE average gained 230.30 to 18,452.06 in volume of 10.2m shares.

Roundup

ELSEWHERE in the Pacific Basin region, turnover was mixed, but share prices were mainly on the downgrade.

MANILA accelerated its downward slide, the composite index dropping 46.30, or 3.1 per cent to 1,435.52. Combined turnover in the Manila and Makati bourses fell from 581m pesos to 243m.

Brokers said that the market is still in a consolidation, or correction, phase following the bull run caused by the peaceful transfer of power to the new president of the Philippines, Mr Fidel Ramos.

SEOUL tumbled for the seventh consecutive day and about 100 investors protested outside the exchange, calling on the government to halt the slide. The index fell 8.72 to 523.07 as turnover fell to Won109.6bn from Won150.97bn.

AUSTRALIA fell after data which showed that unemployment rose to 11.1 per cent in June from 10.6 per cent in May and 9.4 per cent a year ago. The All Ordinaries index closed down 9.3 at 1,642.1, but off its lows for the day, in brisk turnover of A$405.5m.

Westpac took the brunt of weakness in the banks, sinking 7 cents to A$3.32.

HONG KONG finished at the day's lows as profit-taking continued to put pressure on prices in subdued trading. The Hang Seng index fell 56.39 to 5,925.52, from a morning high of 5,980.49. Turnover fell to HK$2.47bn from HK$2.86bn.

NEW ZEALAND equities followed a continued rally in the bond markets, the NZSE-40 index ending 7.10 higher at 1,577.80 in turnover of NZ$25m.

BANGKOK closed higher across the board after a Thai SEC announcement eased fears about tighter regulation of the stock market. The SET index rose 13.27, or 1.8 per cent to 743.11 in turnover of Bt4.86bn.

Ekamol Khiriwat, secretary general of the SEC, told a news conference that his office's probes were aimed at manipulators, that they were confidential and that the SEC was not going to do anything to restrict normal speculation.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY JULY 8 1992								TUESDAY JULY 7 1992					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1992 High	1992 Low	Year ago (approx)
Australia (69)	146.36	−0.5	113.04	115.46	113.83	130.54	−0.7	4.19	147.06	113.20	116.64	114.53	131.46	153.68	140.94	143.22
Austria (19)	170.81	−1.3	131.93	134.75	132.85	132.72	−1.5	2.20	173.08	133.24	136.11	134.80	134.81	186.70	162.48	175.76
Belgium (42)	148.08	−0.5	114.38	116.81	115.17	112.48	−0.8	5.47	148.75	114.51	116.96	115.85	113.35	148.75	135.87	124.53
Canada (115)	127.55	+0.4	98.60	100.70	99.28	110.09	+0.0	3.25	127.10	97.84	99.94	98.98	110.12	142.12	124.32	138.62
Denmark (35)	244.38	−0.5	188.76	192.79	190.07	191.03	−0.8	1.84	245.63	189.08	193.18	191.30	192.60	273.94	226.81	244.43
Finland (15)	78.60	−0.7	60.71	62.01	61.13	67.32	−0.7	2.10	79.15	60.92	62.24	61.64	67.79	89.80	73.64	93.58
France (104)	162.57	−1.4	125.57	128.24	126.43	128.46	−1.5	3.64	164.80	126.86	129.58	128.34	130.35	168.75	148.06	124.85
Germany (65)	129.01	−0.2	99.64	101.79	100.34	100.34	−0.4	2.29	129.32	99.55	101.70	100.71	100.71	129.32	114.67	104.49
Hong Kong (55)	252.59	+1.1	195.09	199.26	196.46	250.74	+1.1	3.27	249.94	192.39	196.53	194.66	248.12	259.55	176.36	163.04
Ireland (16)	156.95	−0.9	121.23	123.82	122.07	124.03	−1.2	4.37	158.33	121.88	124.51	123.31	125.58	173.71	151.78	140.62
Italy (78)	66.29	−0.8	51.20	52.30	51.56	55.90	−1.0	3.74	66.80	51.42	52.52	52.02	56.47	80.86	66.29	71.71
Japan (473)	100.12	+0.1	77.33	78.98	77.88	78.98	+0.4	1.08	100.05	77.02	78.67	77.93	78.67	140.95	88.70	126.83
Malaysia (69)	241.34	−0.2	186.41	190.36	187.70	232.18	−0.2	2.69	241.74	186.09	190.09	188.26	232.62	250.18	212.49	227.72
Mexico (18)	1409.71	−3.5	1088.84	1112.10	1096.43	4804.26	−3.5	1.23	1460.88	1124.55	1148.76	1137.74	4978.21	1789.77	1355.22	1068.32
Netherland (25)	164.31	−0.3	126.91	129.62	127.80	126.44	−0.5	4.43	164.82	126.88	129.61	128.37	127.06	165.22	147.88	131.87
New Zealand (14)	47.43	−0.3	36.64	37.42	36.89	46.23	−0.3	4.91	47.57	36.62	37.41	37.05	46.39	48.52	42.01	47.71
Norway (23)	170.08	−1.7	131.37	134.18	132.29	135.45	−1.9	1.87	173.02	133.19	136.06	134.75	138.03	192.95	161.26	191.39
Singapore (38)	218.71	−0.2	168.93	172.54	170.10	162.72	−0.1	2.04	219.10	168.66	172.29	170.63	162.91	229.63	192.76	191.46
South Africa (61)	199.54	−4.5	154.12	157.41	155.19	176.90	−0.7	2.92	208.91	160.82	164.28	162.70	178.20	263.60	199.54	255.38
Spain (50)	151.53	−1.1	117.04	119.55	117.86	108.71	−1.1	5.40	153.27	117.98	120.53	119.37	109.96	161.72	146.86	140.71
Sweden (29)	192.03	−1.1	148.32	151.49	149.36	153.86	−1.3	2.64	194.20	149.49	152.71	151.24	155.82	200.28	173.09	188.40
Switzerland (63)	111.65	−1.4	86.24	88.09	86.85	93.24	−1.4	2.30	113.30	87.14	89.02	88.17	94.54	113.51	95.99	88.77
United Kingdom (227)	189.52	−1.2	146.38	149.49	147.39	146.38	−0.9	5.06	191.87	147.70	150.88	149.41	147.69	200.07	165.85	161.85
USA (523)	166.98	+0.2	128.98	131.74	129.88	166.98	+0.2	3.00	166.63	128.27	131.04	129.78	166.63	171.66	160.92	152.17
Europe (791)	153.26	−1.0	118.38	120.91	119.21	119.32	−0.9	4.05	154.79	119.16	121.72	120.56	120.44	156.88	138.31	130.08
Nordic (102)	178.99	−1.0	138.25	141.21	139.22	136.90	−1.1	2.29	180.72	139.11	142.11	140.74	138.49	188.52	169.66	181.69
Pacific Basin (718)	106.77	+0.1	82.47	84.23	83.05	85.58	+0.4	1.44	106.67	82.11	83.88	83.08	85.27	141.97	94.40	128.28
Euro – Pacific (1509)	125.57	−0.4	96.99	99.05	97.66	99.52	−0.3	2.72	126.13	97.09	99.17	98.22	99.80	145.21	113.80	129.32
North America (638)	164.51	+0.2	127.07	129.79	127.97	163.11	+0.2	3.01	164.15	126.36	129.09	127.85	162.78	169.89	158.70	151.25
Europe Ex. UK (564)	131.21	−0.8	101.35	103.53	102.08	103.59	−1.0	3.33	132.30	101.84	104.05	103.03	104.59	132.30	121.81	110.87
Pacific Ex. Japan (245)	172.22	−0.2	133.02	135.88	133.96	153.59	+0.1	3.49	171.83	132.27	135.14	133.84	153.37	175.31	149.00	142.63
World Ex. US (1703)	127.22	−0.5	98.27	100.37	98.96	101.86	−0.3	2.73	127.89	98.44	100.57	99.60	102.18	146.91	116.45	131.52
World Ex. UK (1999)	134.97	−0.1	104.24	106.48	104.98	119.39	+0.0	2.55	135.09	103.99	106.24	105.22	119.39	150.58	127.21	135.14
World Ex. So. Af. (2165)	139.33	−0.2	107.61	109.92	108.37	121.39	−0.1	2.83	139.57	107.44	109.76	108.71	121.50	153.05	130.04	136.71
World Ex. Japan (1753)	161.81	−0.3	124.98	127.66	125.87	146.61	−0.3	3.40	162.33	124.96	127.66	126.44	146.98	165.40	153.20	144.46
The World Index (2226)	139.67	−0.2	107.88	110.19	108.64	121.90	−0.1	2.84	139.99	107.76	110.08	109.03	122.02	153.70	130.66	137.50

Constituent change with effect 10/7/92: Deletion: Ercros (Spain). Latest prices were unavailable for this edition